Monopoly Trade and Economic Stagnation

Studies in the Foreign Trade of Iceland 1602–1787

Gisli Gunnarsson

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Studies in the Foreign Trade of Iceland 1602-1787

av

Gisli Gunnarsson
M.A., sml

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MONOPOLY TRADE AND ECONOMIC STAGNATION. Studies in the Foreign Trade of Iceland 1602-1787.

Abstract

The socalled Danish Monopoly Trade existed in Iceland 1602-1787. During this period no one was allowed to sail to Iceland with the purpose of carrying out trade with the country´s inhabitants without a specific royal privilege grant, for which the holder paid trade rental to the Crown. The merchants were Danish and after 1620 they were almost exclusivly Copenhagen burghers. There were fixed prices in this trade, based on royal decrees. Through this measure the Icelanders tried to avoid the price risks of the foreign markets and consequently the merchants´ gains and losses were very much the function of the fluctuating prices outside Iceland of Exports/Imports in the Monopoly Trade. The merchants were only allowed to stay in Iceland during a short part of the summer, they were not allowed to participate in the Icelandic production process, the trade was restricted to specified ports of trade and the number of boats used in the trade was fixed more or less. This highly regulated trade served the purpose of conserving the archaic social system in Iceland. No merchants´ profits could be plunged back into the Icelandic economy and the price system favoured farming at the cost of fishing, this prevented the capital formation in the fisheries which was the prerequsite for the country´s economic development. Hence there was a decline in the Icelandic economy 1602-1787.

But the Iceland trade was very important for the development of Copenhagen and it was the backbone of the city´s shipping and overseas trade till 1730/1750. The Copenhagen merchants in their turn were dependant on Hamburg merchant houses for selling the Icelandic fish products in the traditional Central European markets. The Crown´s income from Iceland was primarily the trade rental which was often quite high. This income was not returned to Iceland until it was done to some extent after 1750. The merchants´ profits were good in normal years as their accounts clearly showed. But this profit changed to losses during starvation periods in Iceland.

Key words
Foreign trade/archaic economics/technological decline/risk aversion/terms of trade/relative prices/fish production/trade gains and losses/18th century/economic history/Hamburg/Copenhagen/Iceland

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Gisli Gunnarsson

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August, 1983
Lund, Sweden

Gisli Gunnarsson

A NOTE ON ABBREVIATIONS

There is no need to explain the abbreviations used in this book except the following ones:

RA = Rigsarkivet i Köbenhaven. (The State Archives in Copenhagen).

Rd = rixdollars = rigsdaler

Sk = shillings = skillinger. There were 96 shillings in the Danish rigsdal during the 18th century.

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1. AN INTRODUCTION: ICELAND´S ECOLOGY, ECONOMY AND FOREIGN TRADE

Iceland´s total area is around 103,000 sq.km. 20,000 sq.km. are presently covered with vegetation and 1100 sq.km. have been defined as "cultivated land". 24,700 sq.km. are less than 200 metres above sea level and most of the vegetated land is within that category. Most inhabited land is close to the coast. The vegetated land consists primarily of grass and moss. The shrub vegetation which apparently characterized the country at the time of its settlement (which is normally defined as taking place around 870-930), has by and large disappeared through the combined activities of sheep and men. This has resulted in much soil erosion.

It has been estimated that at the time of settlement, vegetation covered c. 40% of the country.[1] Most of the land where vegetation has disappeared is more than 200 metres above sea level.

The summer temperature (of the warmest month) is around 11 degrees Celsius in the Southeast, the South, the Southwest and the Central-west and in the sheltered valleys of the North and East. In the coastal areas of the North it is c. 8 degrees. The average January temperature is close to zero in most inhabited places.

This low summer temperature generally does not allow the growth of forests of the North European type, at least not on a significant scale. The erosive soil in large parts of Iceland is another hinder to forestry.

The inhabitants in Iceland around 870-930 were basically occupied with pastoral farming, and with agriculture (in the form of barley) cultivated as a sideline. To these people, the absence of large forest areas was definately positive. The cost of breaking new land was minimal. The bushes and shrubs created good pasture land and provided sufficient fuel.

However, the absence of woods and the simple fact that the country was an island far from other countries meant that after a relatively short period there was no new land to break. All available farming land was used, and no land was allowed to lay fallow. The economy was based on extensive pastoralism and we can almost state with certainly that quite soon the population had reached its upper limit with respect to the available natural resources and the prevailing technique. The foundation of the Nordic pastoral/hunting economies in Greenland shortly before the year 1000 reflects very well the desperate situation of the settlers. But even this kind of migration soon ceased to be a possibility due to the lack of boats, another consequence of the lack of forests in the country. This condition also circumscribed the development of sea fisheries on the Icelandic coast. In fact these could not be developed on a large scale except through vigorous foreign trade where timber, flax, hemp and tar would be exchanged for fish.

The arrival of German and English fishermen and merchants to Iceland during the 15th century meant that, to some extent, the evil circle of the ecological isolation was broken.[2] Changes began to appear in the relatively stagnated Icelandic community which quite understandably had been unused to socio-economic changes during a few centuries. Although new opportunities to get rich were naturally welcomed by the Icelandic societal upper strata, they also took measures to prevent changes in the country´s socio-economic structure. This is better discussed in another context.[3]

The introduction of the monopoly trade in 1602, and especially its reenforcement in 1619/1620, implied a very strict regulation of Iceland´s

foreign trade. Its volume was by and large decided beforehand. Its price system, based on fixed stipulated prices which changed very little for a period of almost 160 years, by and large reflected the Icelandic price system of barter trade equivalances. The merchants were only allowed to stay in Iceland during a short part of the summer and were not allowed to participate in the Icelandic production process; nor were they allowed to own boats or to hire Icelandic labour to any significant extent. In other words, the monopoly trade system brought social stability and economic stagnation to Iceland.[4] A certain minimum of provisions was brought to Iceland each year, but the price system favoured the farming sector; discriminating against the fishing sector. Through the monopoly trade "money" was brought from the fishermen to the pastoral farmers. This will be discussed in another context.[5]

Due to the very low, indeed the artificially low, price of fish in Iceland during the monopoly trade period, expensive investment and consequently also technological innovation became an impossibility. In short: the evil circle of "ecological isolation" continued to exist in Iceland until broken by increased commerce at the end of the 18th century.[6] However, after the abolition of the monopoly trade in 1787, a variety of exogeneous factors delayed this process for a few decades and indeed it was very slow during most of the 19th century. This does not alter the fact that only vigorous foreign trade could break the evil circle of economic stagnation in Iceland; only then was it possible to break out of the cycle of poverty which the limited terrestrial vegetation of Iceland had brought about; only then it was possible to start using the great riches of the Icelandic waters on a large scale.

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1. See, for instance, Sigurður Þórarinsson in Saga Islands 1974, vol. 1, p. 49-56, in this context especially p. 51-52.
2. This has been discussed before in particular by Björn Þorsteinsson 1970.
3. See Chapters 2.11, 4.1, 11.1 and 11.6.
4. Ibid.
5. Ibid. See also Chapter 3.3.
6. See Chapter 9.5.

2. THE STRUCTURE OF THE ICELANDIC SOCIETY

2.1 The Basic Units: The Farm and the Family

Together with the family, the assessed farm was the basic organizational unit in the Old Iceland[1] society. There were 4020 assessed farms in Iceland at the end of the 17th century.[2] This figure had apparently changed very little since the 11th century and it changed little during the 18th century. These farms normally did not consolidate into villages: there usually was some geographical distance between the different farms. The names of the farms and their topography changed little with time. Hence most farms, even of today, usually can trace their continous "history" back till the High Middle Ages.

The lowest administrational unit was the commune (hreppur) which according to old laws should consist of at least 20 farms. The primary function of the commune, during the 18th century, was the organization of poor relief.

The farm was a separate taxation unit, both for the Church, the Crown and the commune. If more than one farmer[3] lived on a single assessed farm, the farmers were responsible for these payments of taxes in solidum. As for payment of land rent, the old tradition was probably also joint responsibility. After 1700, this was the rule for the tenants of crown land, but not for the tenants of private land, in which case each farmer paid the stipulated land rent to the landlord.

Apart from these obligations towards the authorities, each farmer's household was a separate economic unit. According to the population census of 1703 there were 5915 farmers living on assessed farms which means 1,4 farmers per each assessed farm.

In 1695 ca. 94%[4] of all the assessed farmers were tenants. The farmers class was very heterogeneous, including both rich landowners and poor tenants. In the organizational form of society through the communal administration, all farmers, however, had the same position, at least nominally.

The preservation of the legally assessed farm as the basic unit in society was a dominant theme in Icelandic legislation from the Middle Ages till the late 19th century. The farm/farmer ideal was expressed both in the Medieval poetry of Hávamál and in romantic 19th century poetry.[5]

Through this system fishing was made a subsidary of farming. The general rule was that no one was allowed to operate a boat without possessing or renting a farm.

The second basic unit in the old Icelandic society was the family. Even in the oldest Icelandic laws the family essentially consisted of a husband, a wife, their children and work people. There are some relics of more extended relationships, especially in Grágás (the oldest laws), but mainly in matters related to inheritance and poor relief.

The head of the family was the head of the household which usually could only exist on a legally assessed farm. The equation: "Family=household=legally assessed farm" was the fundamental social basis. The head of the household ruled its members, acquired all the economic benefits from their work (also if this was done outside his farm) and was responsible for their upkeeping. The prerequisite for establishing a family was thus access to land. Through this measure, society had a very effective preventive

check regarding population growth.

To the above equation "family=access to land" we may add "family =fertility". To be a farmer was almost synonymous with being married. (84% of all male heads of households were married in 1703: 5-6% were widowers[6] and thus 10-11% had never been married. But only 1% of the farm labourers were married and 1% of these were widowers).

Farm labourers, together with "children at home" and "dependant relatives", could in no circumstances constitute own separate households, instead they belonged to the household of farmers (and occasionally to the households of cottars).

2.2 The 18th Century Population in Iceland and the Thesis of the Malthusian Trap

Three factors in the demography of 18th century Iceland have aroused specific interest among various scholars.

Firstly, there are the dramatic mortality fluctuations, especially evident in the great demographic crises of 1755-1758 and 1783-1785.[7]

Secondly, there is the low nuptiality ratio, which was very much pronounced in the census of 1703.

Thirdly, it was the sex ratio: far more women lived than men.[8]

The most unique source in Icelandic demography is undoubtedly the census of 1703. Its historical background was the economic crisis in Iceland. Very many people died from hunger during the decade preceding the census of 1703. Various sources, including the historical annals, make this clear.[9]

According to these there were starvation deaths on a large scale every year from 1694-1702, and in one instance it has been related that 9000 people died because of starvation in the decade preceding 1703, or 15 to 17 per cent of the population.[10]

According to the 1703 population census there were 50 358 individuals living in Iceland at the time. According to the 1801 census, the population

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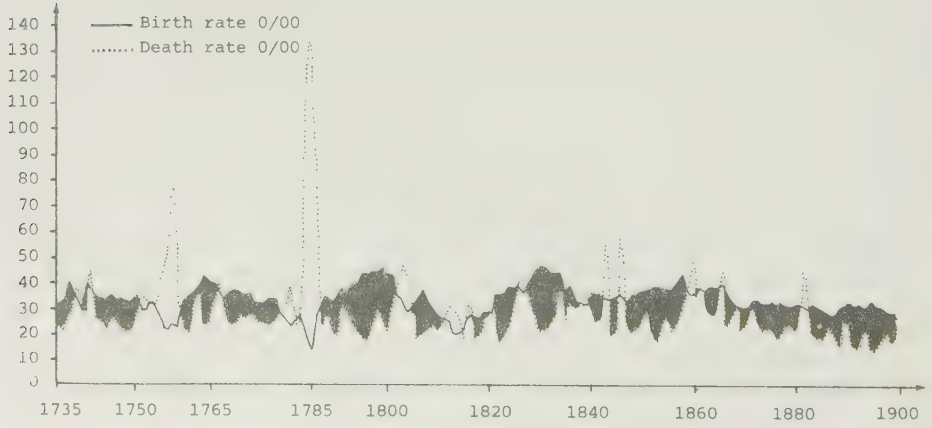
Figure 2.1

Births and Deaths in Iceland: 1735 - 1900



then was 47 240. After the demographic crisis of 1783/1785 the Icelandic population was 38 363. The 18th century population apparently never surpassed the 50 000 mark after 1703. This means that the Icelandic population was less during the whole 18th century than it was during the second half of the 17th century. This is a clear indication of the difficulties encountering the 18th century economy in Iceland. In Figure 2.1, we can see the birth rate and the death rate for 1735-1900.

The registered nuptiality ratio was very low in 1703, 1769 and 1801, and it remained low throughout the 19th century, becoming lowest then in 1880.[11] We know the reasons for the 19th century decrease in nuptiality. It was the limited access to land and lack of employment alternatives outside the farming system. The still lower nuptiality ratio in 1703 undoubtedly reflects the same situation and was the consequence of the economic/demographic crises of the preceding years.

The anomalous sex ratio in Iceland was the function of the relatively high death rate of men in all age groups, and especially among infants. From 1770-1800, the annual average infant death rate was 37‰.[12] This was of course one reason for the low nuptiality ratio of women. But as we can see in Tables 2.1 and 2.2, the nuptiality ratio of men also decreased a great deal during periods of crises.

TABLE 2.1

Percentage of Married Women in Iceland and Sweden in Different Periods

	Iceland		Sweden
	Age Groups		Age Group
	15+	20+	15+
1703	28.4	32.9	
1729	38.4	44.7	
1750			50.3
1769	43.4		
1800/01		47.2	50.1
1850	40.1	48.3	46.5
1880	34.2	39.8	
1900/01	39.8	44.7	46.8
1930	42.8	48.7	46.8
1950	48.9	55.1	59.6
1960	55.9		60.6
1974	57.7	66.8	

1729: Only three counties in Iceland.
1769: The age group 16+

Sources:

1. Iceland: Statistics of Iceland II, 21, 40, 59, 63.
   Skyrslur um landshagi, vol. 1-5.
   Statistiske Meddelelser, 3. Række 6. Bind, 4. Række, 14 Bind.
2. Sweden: Historical Statistics of Sweden, Part 1, Population. For comparison with Norway, Denmark and Finland in the years 1750, 1800 and 1900, see H. Gille 1949-1950.

We can therefore make the following conclusion regarding fertility, nuptiality and the prevalent economic situation:

The low proportion of married people in Iceland before 1900 reflects a preventive check on the population: economic crisis caused low nuptiality which in its turn caused low fertility. The causal link between low nuptiality and the economic crisis consisted primarily of the control of the landowners since access to land was the prerequisite to marriage and of the control exercised at the lowest administration unit, the commune, by the ratepaying farmers.

A prevalent view around 1800 and during the first decades of the 19th century was that Iceland could not support more people than 45 000, at the maximum 50 000. Any rise in the population above these limits would lead to population decrease in some form or another. The interesting aspect of this view is that the decrease in population was not directly defined as having been caused by some natural catastrophe (plagues, arctic drift ice, vulcanic eruptions). The ecological framework of the country generally speaking did not allow a greater population.[13]

In fact, this view of a maximum population in the old and stagnant Icelandic society is correct. The question is if this was something inevitable. The 18th century rationalists naturally did not think so and almost all the important Icelandic officials and intellectuals of the late 18th century belonged to that group. There was a large number of

TABLE 2.2

The Ratio of Married and Previously Married Men and Women in Different Age Groups

Women	1703	1850	1880	1901	1974
Married					
20-49	34.1	50.0	40.6	48.5	74.8
20+	33.2	48.3	39.8	44.8	66.8
50+	30.8	44.6	37.8	37.2	53.5
Previously married					
20-49	3.8	4.8	5.9	5.4	4.7
20+	9.8	13.6	16.0	15.8	13.9
50+	24.9	29.9	41.5	37.1	29.1
Men					
Married					
20-49	36.6	51.4	42.9	50.2	65.3
20+	42.6	56.3	48.3	53.7	66.9
50+	62.0	68.9	63.8	62.5	70.0
Previously married					
20-49	1.7	2.8	2.8	2.6	2.9
20+	4.1	7.6	8.2	7.9	6.2
50+	11.4	19.7	24.4	21.8	12.4

Sources: See Table 2.1.

suggestions as to how society could be changed in order to pull Iceland out of its "ecological-economic" trap. The prevalent trade form was discussed very much and the great majority agreed that this trade was a major cause of the bad situation of the country.[14]

The essence of this rationalism was that it was basically man who caused the evils in society, these were not created by God (or his counterpart) as their Orthodox-Lutheran predecessors had claimed. In 20th century historiography, some scholars have returned to the prerationalist explanatory model of society by making man simply the hapless victim of the vicissitudes of the climate. In other words, they prefer to explain human society through the study of climate rather than through the study of institutional factors.[15]

2.3 Land Ownership

According to Björn Lárusson land was divided thus by categories in 1695: private land 51.9%, eccelestical property 31.9%, Crown property 16.2%.[16]

It was common that land ownership was spread over many different farms, each bit too small to sustain a family. Thus, some farmers were tenants and landowners simultaneously. The number of farmers "who lived on their own farms or used only part of them" was only 349.[17]

85% of all heads of households owned no land at all. A good portion of the remaining 15% owned less land than could sustain them and their families, perhaps as much as 1/3 of these 15%. 96% of all heads of households were tenants. 94% of farmers on assessed farms were tenants. 1% of the heads of households owned 24% of all land in Iceland which is quite much considering that the Church and Crown owned 48%.[18]

The fief-holders of ecclestical land were the bishops and the clergymen. About half of the ecclestical land belonged to the Bishops' Sees. The remaining ecclestical land was very unevenly distributed among the different churches, some of which had considerable holdings. The most important income of the clergy was land rent.

The crown-property fiefs were usually held by persons who also held sheriffs' offices.

Usually the bishops and the clergymen of "wealthy" parishes and the fief-holders of Crown land came from families possessing much private land. Sometimes the fief-holders (of church and crown land) and the rich landowners were the same persons. Hence there was a relatively homogeneous upper class in Iceland, substained both by privately owned land and by the fief-holding of church and crown land. While the rules of inheritance (or the absence of any primageniture system) resulted in the redistribution of private property among an increasing number of owners, the lucky fief-holders were in a good position to accumulate private property and these factors obviously neutralized each other to some extent, ensuring the continuation of the system of relatively big private landowners.[19]

2.4 Fishing and Farming

As we can see in Table 2.3, the basic occupation of Iceland was pastoral farming, consisting of cows and ewes, milk being the main product. Three products were made from the milk, all of which could be stored without difficulties: butter (milk fat and vitamins A and D); skyr, a kind of curds

(milk, protein, some minerals and vitamin B); and finally the liquid whey (the milk carbonhydrate with some minerals and vitamin C). These dairy products were the Icelanders´ principal form of nourishment.

An estimation has been made that more than 60% of the Icelanders´ calory intake in 1703 consisted of milk products.[20]

Fishing was an important supplement to the diet of many Icelanders, but not all of them had good access to the coastal fishing grounds. According to Skúli Magnússon´s estimation in 1786, only 15,8% of the Icelandic population lived on farms with "access to fishing" the entire year.[21] 69,3% lived on farms with "no access to fishing" at all. This meant that the great majority of the Icelanders either had to buy fish from other farmers or get the permission to catch fish from other farmer´s land. The second alternative was often used, for instance, by sending labourers to the fishing stations. During the winter season of 1780 there were 1230 fishermen in the Reykjanes peninsula fishing stations who came from regions outside the Reykjanes district.[22] (Fishing stations for "outsiders" were mainly found in two Icelandic districts, the Reykjanes district and the Snæfellsnes district).

2.5 The Icelandic System of Relative Prices

The basic unit of value in Icelandic society was the cow.[23] This was by no means specific for Iceland. Indeed cattle, and especially the milk cow, was the oldest value unit among all Indo-European peoples as far as we can trace on the basis of available written sources and through etymological studies. This was the case in Vedic India, in Homerian Greece and the oldest Italic laws. In the Old Irish laws, all penalties and taxes were based on cow equivalents. In Ufilia´s translation of the Bible into Gothic such words as greed and riches were translated with word combinations, in which the word faihu (=cattle) was the most important component.[24]

In 13th century Norway and in early Medieval England the cow was the basic value unit.[25]

Other things were put into relation to the cow and usually were less expensive than the cow. For instance, there was a fixed ratio between a good milk cow and a ewe (with a spring lamb). Both in Anglo-Saxon England and in Iceland (till the beginning of this century), the ratio was 6 ewes to one cow.[26] There was also a fixed ratio between other commodities, all eventually put into relation to the cow. Prices were put into a network of relative prices where each commodity was valued in relation to another commodity and alterations in price relations were generally not accepted, at least not formally. This was the situation in Medieval Norway and for Iceland till the end of the 19th century.[27] If real prices changed, this was done through other items than formal prices such as changing the weights or restricting the supply of certain goods.

There is a good example in Icelandic economic history regarding the changing of weights to prevent formal price changes. Supply of grain increased in Iceland during the 15th century due to the increase in foreign trade and the import price became much lower than the legally stipulated price of grain in domestic trade. Consequently, the barrel in the law-stipulated price list was doubled in size but the new grain barrel had the same price in relation to other products as the small barrel had previously. Thus, the delicate network of the price system was not

changed.[28] Kåre Lunden has presented similar examples of price "higgle-haggling" in Medieval Norway.[29] Karl Polanyi has observed similar phenomena among various primitive and/or archaic economies.[30]

Price changing through restricting the supply of certain commodities was a very common phenomenon (and still is) in various countries. In pre-capitalist economies this was often done by stipulating exactly in which commodities it was permissable to pay the land rent.

But there was a need for more inexpensive units of value than the cow (or the ewe). Certain commodities served this role, for instance specific weights of butter. This was what happened in Norway[31] and to some extent in Iceland, but there, however, fish became the lowest unit of value, and the most frequently used one after ells of wadmal (=coarse cloth). Due to the perishable nature of food, these units of value became abstract units, with little or no relation to the actual product. A barrel of grain cost 80 fishes during most of the monopoly trade period in Iceland's South and West, but the payment could normally be made in various kinds of commodities, train oil, meat, wool or even rixdollars.

While the valid fish was the most frequently used value unit in Iceland's foreign trade, indeed the only used value unit till 1776 (one valid fish being dried cod weighing c. 1 kilogramme), the ells (of wadmal) dominated in the domestic trade. Originally these meant simply ells (c. 49 centimetres) of a specific kind of homespun wool product with a specific breadth.[32] But soon this connection was lost and after 1400, there is no longer reference to ells of wadmal but simply to ells (alin). In the royal price list of 1619 the price for "24 ells good wadmal" was 120 fishes,[33] which, transfered to ells as units of value, was 60 ells. In the price lists for domestic trade (Búalög), 40 ells "long wadmal" should cost 120 ells, 60 ells of "helmingarlags" wadmal cost also 120 ells, and 50 ells "merkurvoð" also cost 120 ells.[34] There is no reference in these price lists, which date from the period 15th - 17th century, of any specific number of ells of wadmal costing the same number of ells.

In Europe in general, the problem of the low unit of value was solved with the marking of coins or simply with silver or other metals. This demanded relatively easy access to such metals either through mining in the country or through effective trade. The use of abstract units of value instead of money in Iceland reflected the fact that the Icelanders did not have easy access to such metals. But it might also be maintained that the Icelandic system of value units (landaurakerfið) was in better harmony with the actual exchange and payment tradition of the subsistence farming economies of Europe than the monetary system of the respective countries. The mechanism of transfering payments in natura to monetary value through market scale prices did not take place in Iceland before 1815. This meant, among other things, that Iceland experienced little inflation for a period of 700 years. The exceptions to this rule were for instance the changing weight of the grain barrel and the restrictions in the supply of certain commodities. There appears also to have been some inflation in ells during the High Middle Ages.[35]

But the general rule of landaurakerfið was that price changes did not occur. If we compare the available price documents of the 13th century (some of these may even be dated to the 12th century), with the first printed version of Búalög which appeared in 1775, it is primarily the similarity in the relative prices of the commodities common to both periods which is striking.

There was a strong tradition in Western and Nothern Europe to use the duodecimal system, with the long hundred (10 multiplied with 12). This was the basis of the Carolingian monetary system which England, France and Imperial Germany inherited, the ratio between the lowest unit and the highest one being 240:1.[36] The duo-decimal system was also used in Iceland. 1 cow = 6 ewes = 120 ells = 240 fishes.[37]

2.6 Cottars and Lodgers. The Exception to the General Rule of the Assessed Farm

There were 8191 independent households in Iceland in 1703.[38] 72,2% of the heads of households were assessed farmers according to the census of 1703. 14,4% were "cottars with grass use". 4,2% "cottars without grass use" and 9,2% were defined as "lodgers".[39]

The fundamental difference between the assessed farmers on the one hand, and the cottars and the lodgers on the other, was formally their place in the commune. Only the farmers were counted as communal members with full rights.[40] The most important difference was, however, socio-economic. All the lodgers, all the cottars without land use and the cottars with land use who were fishermen, did not normally possess (either through ownership or renting) their most important means of production but instead used the farmers' production means. In short: these households generally did not constitute separate production units except partially in the case of cottars with land use. But as separate families and households they constituted separate consumption units and if they failed to sustain themselves as separate households they could be dissolved by the communal authorities.

The cottars class was mainly found in Iceland's South and West. The Icelandic name, hjáleigumenn, litterally means the tenants' tenants. Skúli Magnússon described the cottars in Iceland's South-west in this way in 1785: "Cottars (husmænd) are of two kinds a) Grashusmand who has land for one cow with the appropriate houses,/.../he works on the farmer's boat the whole year/.../the farmer gives him timber for the maintainance of the house and a good cow/.../b) Tomthusmand who has the neccessary houses, the maintainance of which is the responsibility of the farmer, but has no use of land and he works on the farmer's boat".[41]

Almost all cottars without land use were fishermen, not farmers. The great majority of these in 1703 were found in the central west district of Snæfellsnesysla.[42]

In 1703, the majority of the cottars with land use lived in regions which had access to fishing the whole year. Almost half of these lived in one of the "8 fishing districts" (see Chapter 5.1).[43] It is quite obvious that they basically earned their living as fishermen. But they were not allowed to operate their own boats; they were to use the farmers' boats. Hence they did not possess any important means of production. They paid the land rent to the farmer and the collected land rent from the various cottars usually far surpassed the land rent the farmer himself, as a tenant, had to pay to his landlord. However, the farmer had various obligations toward the cottars as has been outlined above.

A substantial minority among the cottars, or about 25%, lived in traditional farming districts and obviously were not fishermen at all but farmers, operating their farms as production units separate from the "home farm" and paid land rent directly to the landlord.[44]

These cottars were obviously in a similar position as the ordinary tenant farmers except for the communal status. Most cottars were married or had been married.[45]

The nature of cottars "tenure" of their cottage made the farmer indirectly "the master of the cottars fertility", since the farmer was responsible to the commune for the upkeeping of the cottar's family.

Unlike the cottars, the lodgers (húsfólk in Icelandic) did not live in their own houses but together with other households. Almost half of the lodgers were women, all single of course, usually not with children; most male lodgers were unmarried.[46] The class of lodgers was found in all parts of Iceland. They were, in fact, very close to the status of farm labourers, but were allowed for some reason, (through kinship or property status), to constitute independant households.

2.7 Labour as Servants and Not in Service

The general rule was that a person not able to establish an independant household should join a household as a labourer in service.

Through this measure the population was controlled, for instance regarding nuptiality (fertility), movement of labour, production, ideology (religion), etc. This social control also provided the farmer with cheap labour. In return he had obligations towards the labourers. He hired the servants for one year at a time and could not lay them off during those seasons when work was scarce.

The mutual obligations between labourer and farmer of a one-year contract was obviously a stabilizing factor in a society when the occupational chances were extremely limited. But this system was also a restraint to economic growth as will be explained below.

According to Píningsdómur, of 1490[47], the minimum size of a household was the value of three cows. This law was still valid during the 18th century. If a person could not acquire a property of that size either through acquisition or rental, the normal alternative was to become a labourer in service. And, as times were not always normal in Iceland, the real alternative was sometimes to become a vagrant or a pauper.

Till 1783, a person could choose to become a free labourer, i.e. could sell his (her) labour to different employers throughout the year or even to choose not to take any employment. To acquire the status of a free labourer there was a property minimum equivalent to the value of 10 cows.[48] In other words, a free labourer should possess more than three times what was demanded for the establishment of own independant production unit.

Labourers not in service (lausamenn) were few, as might be expected. In 1703 they were 371 altogether, while labourers in service numbered 8953. Lausamenn were mostly unmarried males (94% of the total in 1703), and most of them were young (below the age of 40). The majority lived in the fishing districts in the south and west where they could freely dispose of their labour as fishermen during the winter season.[49] In the Summer they travelled to farming districts, selling their labour to farmers during the busy hay harvesting season for a price which frequently surpassed the yearly pay of a labourer in service.[50]

The existance of free labourers was a matter of great irritation to the whole farming community, including the landowners and the Royal officials, and in 1783, the Crown was finally persuaded to forbid their existence totally. According to a new law all lausamenn were to become farm servants

or to have entered the farming profession within 6 months.[51]

There were three main reasons why the farming community insisted that only labour in service should be allowed. In the first place it was a measure to control the cost of labour (see below). Secondly, it was a matter of social control and regulation. All persons should belong to a specified household and no one should be allowed to stay outside the household system as the free labourers de facto did and thus, according to conservative opinion, upsetting the social balance. Thirdly, the question of social balance was closely connected to the precarious system of provisional security. In the ideal household each member was provided for. The households constituted the commune which in its turn provided poor relief. As the free labourer was an outsider to this system, it was natural to demand something from him if he should be unable to work due to sickness. The ten cow minimum ownership was, therefore, the insurance which society demanded he should have for not being in service.

Nevertheless, the relatively prosperous class of free labourers was abolished in 1783. This was obviously due to the fear of high labour wages and the possible undermining of the social balance. The timing. 1783, was probably no incidence, the Danish Crown was trying to reconstruct the Icelandic economy by the introduction of decked vessels and in various other ways attempting to stimulate the fisheries. The merchants should stay in Iceland the whole year, participating in the production process.[52] The conservative Icelandic elements were frightened and initiated propaganda both against fishing and all kind of "vagrancy", obviously fearing that the existence of free labour might be linked to the Crown's reconstruction policy.[53] The Danish Crown was definately opposed to "vagrancy" and therefore could be persuaded to prohibit the existence of wandering labourers in Iceland. This is remarkable considering the fact that the Director of Royal Trade in Iceland had recently complained that there was no labour available in the country for aiding in the new economic efforts.

By prohibiting the limited free labour in Iceland in 1783, nearly all capitalist development in the country was doomed for a long time. More liberal legislation was introduced in 1863 which primarily meant a return to the labour rights existing before 1783.[54]

2.8 The Low Cost of Labour

The class of workpeople in service was quite large. In 1703, the combined category of heads of households and housewives was numerically smaller than the category workpeople in service if we add to the latter category the group "children at home 15 years old or more"; they had the same socio-economic status as the workpeople:

		per cent
1. Heads of households & housewives:	13 847	48.8
2. Workpeople in service and children at home over 15:	14 689	51.2 [55]

The large class of workpeople in service had very low wages. In the Alþing resolution of 1720[56] regarding farm labour, it was stated that the master should take all the catch his labourer acquired during the winter fishery season. The master was to provide the labourer instead with food and clothes. If the labourer worked for other farmers, the master received his pay. In Búalög a good day's work by male was valued at 4 ells plus 2 ells for food.[57] In the 19th century labourers travelling from the fishing

districts to the agricultural districts during the Summer season received a weekly wage of 40 fishes (or 20 ells) plus the food from the farmer.[58] Thus, after about 8 weeks´ work his master received 160 ells in payment, or nearly double the annual wages of his labourer.

Annual wages for labour remained more or less constant in Iceland from the 14th to 19th century (for male labourers: 60-120 ells). In Búalög it was estimated that food and clothes for a male labourer cost 628 ells per year. The sheriff Magnús Ketilsson calculated the same cost in 1774 at 624 ells per year. In 1864, Tryggvi Gunnarsson, Iceland´s First Bank Director, arrived at an estimation of 600 ells.[59] Thus, annual "wages" paid to the labourer was only a small part of the farmers´ cost in hiring him; the total cost in hiring a male labourer for one year thus remaining largely the same throughout the centuries with a maximum fluctuation of 4%.

An example of extremely good annual wages in 1870 was a labourer who got half of his catch during the winter fishery season as his annual payment.[60] This shows how profitable it could be for the farmer to send his labourer to the fishing stations. It may even be argued that this made it possible for the farmer to keep labourers, because during the winter there was no need for all the labour force required during the summer. In some cases the labourers´ fishing even saved the finances of the farmers. In 1534 the future Lutheran bishop of Iceland, Gissur Einarsson, came from Germany with great debts after many years of study. The Church refused to help him because of his heretical views. He and his mother then sent one of their labourers during the winter season to Vestmannaeyjar "there God gave him 30 vüttir, so Gissur could pay his debts".[61]

Female labourers normally earned only their food, housing and some clothes.

As the annual cost of keeping a child was usually estimated 120-180 ells, it is clear that workpeople were not expected to have children. They were "socially infertile",[62] and they were quite many as we can see in the extreme example of 1703.

This meant that each generation of farmers reproduced not only the next generation of farmers but also by and large the next generation of farm labourers. As a large part of the farm labourers, especially the females, were "socially infertile" for a lifetime, a remarkable selection process was established where the reproduction rate was very much the function of wealth, combined with a continuous social downgrading of each surviving family in the stagnant society. The poor tenant farmer probably had as many children (on the average) as the rich landowner, but the children of the latter pushed the children of the former down the social ladder due to the limited access to land and, consequently, to marriage.

2.9 The Prohibition of the Alien Merchants´ Participation in the Icelandic Production

The Icelandic farmers, and in particular the landowners, feared the foreign merchants´ competition regarding the labour force. They also feared that the merchants might become powerful in the Icelandic society through having fishing boats operating in Iceland. That would cut the umbilical cord between fishing and farming in the country. The most important fisheries in Iceland took place during the winter. Hence the fear of the foreign merchant´s involvement in the Icelandic production process mainly resulted in prohibitions regarding the winter stay of the merchants or the

merchants servants. They should accordingly stay in Iceland only during a part of the summer.

As early as 1431 the first measures were taken to prohibit the winter stay of merchants.[63] But for posterity the socalled Þíningsdómur of 1490 was mainly important in this context. There, the winter stay of merchants was prohibited except in urgent need and they were not allowed to have "any Icelanders in their service nor to have any boats or hire men for fishing".[64] Þíningsdómur was considered to be a valid law in Iceland for several centuries and it was frequently refered to in subsequent court verdicts, for instance, during the 17th century, but then the prohibition of merchants´ employment of Icelanders was repeated.[65]

The early trade charters of the monopoly trade period did not include specific references to this employment of Icelandic fishermen. Probably, it was not considered to be a neccessity because of the existing laws. But stipulations regarding the winter stay of merchants are found in all the trade charters of the 17th century. In the charters of 1602, 1619 and 1662, the winter stay of merchants and their servants was allowed in cases of urgent need.[66] But through a specific royal decree of 1682, all winter stay of merchants and their servants in Iceland was strictly forbidden.[67] This prohibition was also found in the trade charter of 1684.[68]

In 1701, the Crown decided that the merchants henceforth should be allowed to stay in Iceland during Winter as this would be beneficial both to the Icelanders and to the merchants.[69] Here, however, the leading Icelanders disagreed and one of the petitions of the Icelanders to the Crown in 1702 concerned the reintroduction of the prohibition of merchants´ winter stay.[70] The Crown yielded to that demand in 1706.[71]

In the trade charter that year it was stated: "/.../the merchants are not allowed to have any fishing boats in the country nor to hire any labourers for working in the fisheries nor to have any fishing lines close to the coast/.../".[72] This meant that all the foreign merchants stipulations in Þíningsdómur had by then been included in the monopoly trade charter.[73]

These prohibitions regarding the winter stay of merchants, their employment of Icelanders and their participation in the winter fisheries, were automatically included in all new trade charters 1721-1758.[74] But during the 1750s, the Crown started to finance investments in Iceland and some progressive Icelanders became sceptical regarding the winter stay prohibition.[75]

Skúli Magnússon went so far as to suggest that some merchants should be compelled to stay in Iceland together with foreign craftsmen during the whole year and thus the ports of trade could be developed into chartered towns.[76] This was indeed a prelude to his suggestions in 1770 regarding the reorganization of the foreign trade of Iceland.[77]

In 1759, it was decided that one merchant should stay in Iceland during winter but the idea was that a greater number should be permanently stationed in the country when the necessary residential houses had been built.[78] But the changes came slowly.

In the trade charter of 1763 the new trade company was allowed to have servants stationed in Iceland for the whole year. On the other hand, the old prohibition of merchant´s employment of Icelandic labourers for the fisheries was included in that charter.[79]

The last phase of the monopoly trade, 1763-1787, is characterized by great confusion regarding what was legal or illegal for the merchants/the trade companies to do in the Icelandic economy.

In 1776, it was decided that the trade charter of 1763 was still the legal basis for the Iceland trade and no articles of that charter were exempted in that context.[80] Nevertheless, at least one merchant stationed in Iceland around 1767 had with impunity employed several labourers for working in the fisheries.[81]

The Royal Trade Company´s management of decked vessels in Iceland 1776-1787 meant ipso facto that the old prohibition of aliens employing Icelanders in the fisheries was disregarded. The meaning of the effort was indeed to teach the Icelanders how to use the best available technique in the fisheries and, consequently, as soon as 1775 the Royal Customs Office asked Iceland´s Governor Thodal to see to it that Icelanders could be employed on the decked vessels.[82]

But as has been related elsewhere[83] the effort to teach the Icelanders this new technique was unsuccessful and the crews of the decked vessels came mainly from Schleswig-Holstein.[84]

The opposition of conservative Icelanders towards this innovation came clearly forward in Olafur Stephensen´s propaganda against fishing.[85] Powerful Icelanders were still resisting the possible alien employment of Icelandic labourers.

The trade charter of 1763 was first replaced by a new one in 1781.[86] In this charter the merchants were allowed to participate in the Icelandic fisheries.[87] But there was no article in this charter regarding the employment of Icelanders. Probably this means that it was allowed but it was, however, first with the abolition of the monopoly trade in 1787 that it was clearly stated that the merchants were henceforth allowed to employ Icelanders.[88]

It was indeed logical that the abolition of the monopoly trade was accompanied by the abolition of the farmers´ monopoly of the use of the Icelandic labour force in the Icelandic fisheries.

2.10 Iceland´s Domestic Consumption and the Relative Value of Foreign Trade 1770

In a report to the so called Land Commision which was investigating Iceland´s economic conditions and collecting reports thereabout, the high crown official, Olafur Stephensen, who later became the governor (stiftamtmand) of his country, estimated what he defined as the country´s income for one year. He was basically describing two factors: What the people were eating and what they were exporting, in terms of value. This estimation may with certain modification come close to the real situation in describing these two factors which undoubtedly were the most important ones in the Icelandic economy at the time. For instance exports equalled imports because there was barter trade and most investment and luxury commodities used in the country were imported. What is lacking for using Stephensen´s estimation as a proxy variable for the gross national product is the Icelandic labour used in capital formation (such as investments/buildings)and above all the value-added factor of foreign trade which in this context is very regrettable. However, an attempt will be made to estimate the size of this factor.

TABLE 2.3

Iceland's Expenditure on Domestic Consumption and Foreign Trade During the 18th Century

(Based on the estimates of Olafur Stephensen 1770/1771)

Product	Column 1 Olafur Stephensen's estimation unmodified[1]		Column 2 Modified estimate from column 1[2]		Column 3 % changes due to foreign trade[3]	Column 4[4]	
	Rd	in %	Rd	in %		Rd	in %
Fish[5]	93968	21,3	93968	24,6	91	179479	32,2
Milk[6]	234000	53,2	174000	45,5	45	252300	45,2
Meat[7]	82667	18,8	56000	14,7	21	67760	12,2
Wool[8]	26000	5,9	52000	13,6	0	52000	9,3
Diverse[8]	3077	0,7	6154	1,6	0	6154	1,1
Total	439712	100,0	382122	100,0		557693	100,0

Notes to Table 2.3

1. Published in Landsnefndin I, p. 215.
2. As Olafur Stephensen himself admitted (Landsnefndin, I, 216) there was too much livestock in his calculations. He did not correct this himself, probably because he did not want to weaken his argumentation that fishing was relatively insignificant for the economy. By comparing his calculated number of livestock with the actual one, for instance according to Tölfræðihandbókin 1974, p. 65, it becomes very clear that he had exaggerated the normal number of sheep by c. 60%. His calculated number of cows, on the other hand, seems to have been realistic, and his estimation of fish catches is very probably not too high. Therefore the yields from sheep is decreased by 40%, both in milk and meat production. It is also clear that in his estimate of wool production, Stephensen only considered that part which was sold to the merchants. The average annual sale to merchants during the period 1764-1773 was 26822 rd (Skúli Magnússon, 1786/1944 p. 120-126). It is my guess that as many wool products were by and large produced for home consumption as for export and therefore the figure for wool products has been doubled. This has also been done for "diverse" products, which were mainly eiderdown and other bird products, fox skins, salmon and mountain herbs.
3. Especially fish products were grossly undervalued in the domestic Icelandic price system used here by Stephensen. The Royal price list for Icelandic foreign trade which was put into effect 1702 was still valid in 1770/1771, but that price list was very much an adaption of the domestic price system. In 1776, Icelandic prices in foreign trade were changed, bringing the different commodities in prices closer to their market value. In Column 3 the approximate increase of the prices of the different commodities in 1776 compared to the 1702 prices is shown. The source for these percentage changes is Table 9.3 and the adjoining text.

4. The prices of the different commodity categories in Column 2 have been changed with respect to the changes in foreign prices in 1776 shown in Column 3 to show better the relative value of the categories, for making it realistic to compare the expenditure on domestic consumption with the volume of foreign trade.
5. The annual average of fish products used 1764/1773 for buying imports was of the value 34579 rd which was 36,8% of the estimated fish production. Thus according to this calculation 63,2% of the fish catches in terms of money value was used for home consumption.
6. Milk products were overwhelmingly used solely for home consumption.
7. The annual average value of meat products used for buying imports 1764/1773 was 15131 rd which was 27% of the estimated meat production of 56000 rd.
8. See Note 2.

The average export at current prices in Iceland was 76 532 rixdollars each year for the period 1764/1773.[89] This means 20% of the total value of Icelandic expenditure on domestic consumption and foreign trade, see Column 2 in Table 2.3. But this sum of 76 532 rd did not include any cost of the trade, such as the indirect subsidies of imports, or freight and personnel cost or the trade rental or the trade profit. This "cost" was included in the difference between the purchase price in Iceland and the sales´ price abroad and was annually on the average 152 493 rixdollars for the period 1764/1773. If we add this figure to the reconstructed Icelandic expenditure on domestic consumption and foreign trade in Column 4 in Table 2.3, we are close to the country´s net national income minus, of course, a large part of the capital formation: 557 693 + 152 493 = 711 926 rixdollars. The total value of all foreign trade (exports + imports) was 305 557 rixdollars as an annual average or 42,9% of the approximate net national income.

Whatever calculation method is used, it is obvious that the very poor Icelandic 18th century society was a highly mercantile community.

2.11 The Monopoly Trade as a Part of Iceland´s Archaic Socio-Economic Structure.[90]

The introduction of the monopoly trade in 1602 meant the expulsion of all foreign merchants from Iceland. Only His Majesty´s subjects were allowed to trade in Iceland and only in those ports of trade especially allotted to them. For these ports they paid rentals to the king which became higher as time went on, reaching a maximum 1684-1733 and 1743-1759.

In 1619, only merchants in Copenhagen were allowed to trade in Iceland, a condition which existed till the formal end of this trade form in 1787.

The first monopoly charter of 1602 included articles making it clear that everyone involved in the Iceland trade should respect Icelandic laws and traditions. This statement was repeated several times during the monopoly trade period and Icelandic laws, regulations and traditions were in fact respected very much. The old Icelandic system of weights, measurement and value was kept (till 1776).

Thus, the monopoly trade system was adjusted to the archaic socio-economic system of Iceland in a number of ways. The value unit was the valid fish (till 1776). Trade could only be carried out in specific ports of trade. The merchants should only stay in Iceland during a short part of

the year and they were not allowed to participate in the Icelandic production process in any significant way. Thus no part of the trade profits could be plunged back into Iceland.

It was obligatory for the holder of a trade privilege in Iceland to make use of it, in other words he was responsible for the organization of a trade voyage to his particular trade harbour in Iceland regardless of the prospective economic results of the voyage (for instance during times of hunger in the country).

Prices were fixed in this trade; no free bargaining was allowed. From 1619, the Crown decided which prices should exist and these changed very little till 1776, with the exception of the period 1684-1702, when the prices were made more unfavourable to the Icelanders.

The monopoly trade price lists 1619-1776 corresponded well to the very old price lists in Iceland´s internal trade which had changed little since the High Middle Ages.

In 1776 a new price list was introduced in Iceland. Here the value unit was rixdollar courant instead of fish, and the basis of this list was European market prices instead of the traditional prices of Icelandic internal trade.

Two examples will be given here regarding the stability of the price system which even surpassed the important price list change of 1776.

For the periods 1619-1684 and 1702-1776, the price of one barrel of rye in Iceland´s South and West was 80 fishes. After the introduction of the money economy in 1776, the price of 80 fishes (160 Danish pounds) was 346 shillings, the price of the rye barrel was 344 shillings. The price of iron in Iceland´s South and West was for 10 Danish pounds, 1619-1684 and 1702-1776, 10 fishes; after 1776 the price of 10 pounds iron was 45,6 shillings, of 10 fishes (20 pounds) it was 43,1 shillings.[91]

It is obviously not sufficient to show that absolute prices of imports or exports were cheap or expensive in relation to the prices of the same goods when these were bought. The important thing to consider is the relative price of exports/imports both in Iceland and outside the country.

The limited understanding of the nature of the relative prices in the Iceland trade was, for instance, found in the debate between the Crown and the General Trading Company about the Icelandic trade 1772-1774.[99] The Crown correctly pointed out that the price of exports had gone up. The Company pointed out, also correctly, that the price of imports had gone up. But neither the Crown nor the company tried to calculate the actual terms of trade and the dispute never went beyond the level of vague suggestions regarding the relative prices.

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1. Old Iceland = The traditional Icelandic society existing in a relatively unaltered form from the time of Iceland's settlement till the beginning of the country's urbanization during the last part of the 19th century.
2. Björn Lárusson, 1967, p. 33. See, also there, a further definition of the Icelandic assessed farm, with related subjects, p. 28-41.
3. There is much discussion going on today among economists, sociologists and social anthropologists regarding the use of the terms farmer and peasant. See, for instance, Mats Lundahl 1979, p. 13-16, and Teodor Shanin 1971, introduction, p. 14-17. My use of the term "farmer" is different from that of Lundahl but it is similar to that of Christer Gunnarsson 1978 (See, for instance, Gunnarsson's discussion of "family farming", p. 54-56).
.It would be still more complicated if we used the term "peasant" for the Icelandic bóndi. The ordinary peasant was usually occupied with crop agriculture and the peasants' class was relatively homogeneous. The basic occupation of the Icelandic bóndi was animal husbandry with fishing as an important subsidary and the class of bændur in Iceland was quite heterogenous. In Shanin's definition, the Icelandic bóndi would, as "a peasant", be an "analytically marginal group" (Op. cit. p. 16). According to J.S. Saul and Roger Woods in Shanin 1971, p. 105, it might offend "peasant purists" if we defined pastoralists as peasants.
Consequently I use the word farmer throughout in this work as the English translation of the Old Nordic/Icelandic word bóndi. Bóndi is etymologically related to the words husband, husbandry in English, and to Bauer in German, and it means both the head of a separate production (and consumption unit) (bu = farm) and a separate demographic unit (the family); but these two phenomena were inseperable in the Old Icelandic society.
4. Björn Lárusson, op. cit. p. 59-82.
5. For instance in the words of the Icelandic poet Jónas Hallgrímsson (1807-1845):

Bóndi er bústólpi	(The farmer sustains the farm
bú er landstólpi	the farm sustains the country
því skal hann virður vel.	therefore he shall be well esteemed).

6. In the aggregates for the 1703 census, Statistics of Iceland, II, 21, there is no exact figure for the total number of widowers in the farmers' class, only the total number of widowers among all heads of households which was 5,6%
7. Imhof & Lindskog, 1973:2 have discussed the specific pattern of mortality in Iceland which might be defined as the fourth area of specific interest for demographers. "....frequently it was possible to explain mortality rates only with hunger..." There were, according to the authors, often no complicating factors such as war or epidemics.
8. Gille (1949/1950) was mainly interested in the dramatic mortality rates and the sex ratio. Hajnal (1965) was the first person to draw the attention of the international public to the low nuptiality ratio. Hansen (1978 & 1979) has studied in detail the Icelandic fertility and mortality rates. Of specific interest for this work is Hansen's reconstruction of 18th century infant mortality in Iceland. Hansen also made some references to the nuptiality ratio in connection with his study of fertility (1979).
9. Annálar 1400-1800 I-. Thoroddsen, Thorvaldur, 1916-1917. Steffensen Jón, 1975. In the by Steffensen there are articles on Small Pox and Plague in Iceland.
There were no epidemics recorded in Iceland from 1672 to 1707. But because of hunger, certain endemic diseases began to cause more deaths than they did in "normal" periods.
10. Source: Thoroddsen, Thorvaldur, op. cit.
11. This is better discussed in my work of 1980 on nuptiality and fertility (Gisli Gunnarsson 1980:1, see bibliography).
12. This is better discussed in my work of 1983 on the sex ratio and infant mortality. (Gisli Gunnarsson 1983:1, see bibliography).
13. See, for instance, the arguments of the official Bjarni Þorsteinsson, in 1834. (Om Islands Folkemængde og oeconomiske Tilstand, Copenhagen 1834, p. 18-25). Lúðvik Kristjánsson 1971, has discussed this

pessimistic view regarding Iceland´s maximum population, which was very popular around 1800.

14. See, in this context, the chapter about the trade dispute: 1770/1771.
15. This is better discussed in my work of 1980 on climate and history. (Gisli Gunnarsson 1980:3, see bibliography). I refer to this work for further arguments regarding the climato-historical theses.
16. Björn Lárusson, 1967, p. 81.
17. Ibid, p. 75.
18. Calculations based on Lárusson, op. cit, mainly p. 73.
19. After 1783, and especially after 1787, the land owned by the Bishops´ Sees was sold to private persons. (Björn Lárusson 1982, p. 37-41). Although a large part of this land came into the hands of relatively big landowners, these sales led to a substantial increase in the petty ownership of land. This came clearly forward during the 19th century. (Lárusson, op. cit. p. 41).
20. Jón Steffensen, 1975, p. 250.
21. Skúli Magnússon, 1786/1944, p. 100-101
22. Skúli Magnússon, 1785/1944, p. 139.
23. Together with ells of wadmal (and apparently before 1100/1200 silver). According to Jón Jóhannesson, vol. 1 originally, one cow should have the value of 2,5 aurar silver (ca. 67 grammes), but as the frequency of silver in Iceland diminished drastically during the 11th century, the silver units were replaced by ells of wadmal (op. cit. p. 390-398). Important sources regarding the cow as a unit of value in Medieval Iceland are Grágás (Iceland´s oldest law collection), of the 12th and the 13th centuries, for instance Grágás 1b. p. 192-194 and the Alping resolution of prices, dated during the 12th century, found in Diplomatarium Islandicum vol. I, p. 164-167. Magnús Már Lárusson 1960 has discussed the connection between the cow equivalents, and the long hundred value of ells, concluding that these were the same value units not later than the middle of the 12th century. The classical explanation is that this unification first found place with the introduction of Jónsbok as the law book of the land in 1281 (Jón Jóhannesson, op. cit.). In all circumstances the price relation one cow = one long hundred of ells continued to exist in Iceland thereafter.
24. Reallexicon der Indogermanischen Altertumskunde (von O. Schrader), Berlin & Leipzig, 1917-1923. The reference to Geld (money), in volume 1, p. 371-377.
25. Kåre Lunden 1978, for instance p. 56-66, 85-87, 152-173.
    Maitland: Doomesday Book and Beyond, p. 44.
26. For England Maitland, op. cit.
    For Iceland Grágás, Jónsbók and the various Búalög.
27. For Iceland: ibid.
    For Norway: Lunden op. cit., p. 253-258.
28. This is better discussed with source reference in Gisli Gunnarsson 1980:2.
29. Lunden, op. cit., p. 258.
30. Karl Polanyi 1968, p. 164.
31. Lunden, op. cit., for instance p. 67-72.
32. Magnús Már Lárusson 1958 (Islenzkar mælieiningar, SKÍRNIR 1958)
33. Lovsamling for Island (LI) 1, p. 194.
34. Búalög-Sögurit, p. 3, 86, 110, 132, 183, 214.C
35. This price decrease of ells may at least to some extent have been the result of the integration of the cow equivalence system and the long hundred system of ells (see note 23). For instance the ratio between a vætt of food such as grain and a cow was 3:1. When the official price of the cow was 90 ells, the price of one vætt grain was 30 ells. (Diplomatarium Islandicum I, 316-317). Later, when the cow price was 120 ells, the grain price was, for one vætt, 40 ells, as all the different manuscripts of Búalög can testify with the exception of a few manuscripts which reflected the price decrease of grain by half. (see text). Björn Lárusson 1982 has also observed this decrease in the price of ells. In that context he put forward the thesis that butter was the original basis for land valuation and the value of 1 fjorðungur (c. 5 kg) butter was in a fixed, and through time constant, ratio to the long hundred value. (Op.cit. p. 17. 21).
36. See for instance, Schrötter 1930, p. 507.

37. In Anglo-Saxon England there was this price ratio: One man (slave) = 1 pound (sterling) = 8 cows = 48 ewes = 240 pence. (Maitland, op. cit., p. 44).
38. Statistics of Iceland, II, 21.
39. Ibid.
40. This was a very old rule, it was, for instance, found in Grágás, the Free State law collection (prior to 1262). See Grágás II, article LXII.
41. Skúli Magnússon 1785/1944, p. 83-84
42. Statistics of Iceland II, 21.
43. Ibid. Also Jarðabok Arna Magnússonar og Páls Vídalíns. From 1770 to 1771 there were numerous complaints regarding this restriction against the cottars' operation of own boats. In the subsequent discussion various arguments were put forward, mainly in favour of the continuation of this restriction. It continued in effect. See Landsnefndin I-II. Björn Lárusson 1982 described this system as a land rent hierarchy: The King - The King's Fiefholder - The farmers on assessed farms - The cottars/fishermen (p. 9).
44. Statistics of Iceland II, 21. Jarðabok, op. cit.
45. Statistics of Iceland II, 21.
46. Ibid.
47. Diplomatarium Islandicum, 6, p. 704-705.
48. See, for instance, the Alþingi resolution of 1720 in Alþingisbækur Islands, vol. X, p. 558.
49. Population Census 1703 Statistics of Iceland, II, 21. See also Chapter 5.1.
50. See Chapter 2.8.
51. Lovsamling for Island, 4, p. 683.
52. See Chapter 9.2.
53. Good examples of such propaganda are the work of Olafur Stephensen, 1786:2 and the work of Hannes Finnsson, 1793/1970.
54. Lovsamling for Island, 17, p. 544-557.
55. Population Census 1703, Statistics of Iceland, II, 21.
56. Alþingisbækur, volume X, p. 557-573.
57. As for the definition of ells, see Chapter 2.5 (about relative prices).
58. Böðvar Jónsson 1953, p. 70.
59. The estimates of Magnús Ketilsson and Tryggvi Gunnarsson were published in Þorvaldur Thoroddsen 1922, p. 294-373.
60. Ibid p. 365.
61. From Þorvaldur Thoroddsen 1924, p. 390.
62. As for sources, see Gísli Gunnarsson 1980:1, p. 12, where various points related to social status and fertility are discussed in more detail than has been done here.
63. Diplomatarium Islandicum (= DI) 4, p. 461-462. See also Björn Þorsteinsson 1970, p. 112-119.
64. DI 6, p. 704.
65. For instance Alþingisbækur Íslands, vol. 7, p. 475, for 1679 with direct reference to Þíningsdómur, also p. 589-590, a verdict of 1682 when the merchants' employment of fishermen was declared to be illegal.
66. Lovsamling for Island (= LI), 1, p. 141, 197, 281.
67. Ibid, p. 392.
68. Ibid, p. 411.
69. Ibid, p. 561.
70. Lbs 50 fol, no. 62. Also quoted in Aðils 1919, p. 319-320.
71. LI, 1, p. 633.
72. Ibid, p. 634. In Vestmannaeyjar there was, however, usually a merchant's servant staying during the winter. But Vestmannaeyjar was the Crown's specific fief, where all land rent was in its possession, and both the land rent and the trade system existing there was generally exceptional with regard to Iceland as a whole.
73. It was also decided in the trade charter of 1706 that there should be definite time limits as to when foreign trade should find place in Iceland (LI, 1, p. 635).
74. LI 2, p. 17-19, 152-154, 409-411. LI 3, p. 331-332.
75. The top crown officials in Iceland, Magnús Gíslason and Skúli

Magnússon, expressed scepticism regarding the winter stay prohibition in 1757. (Aðils, 1919. p. 321).

76. Aðils 1919, p. 212-213.
77. See Appendix to Chapter 8.
78. Aðils 1919, p. 227-228.
79. LI 3, p. 480-481.
80. LI 4, p. 233.
81. The merchant Jens Lassen at the Eyrarbakki port of trade had a big farm and several fishing boats. He employed almost 10 men and 6 women much to the detriment of his neighbours, because he offered higher wages than they did. The neighbours demanded in 1767 that the authorities put a stop to this social disorder. Despite the fact that the local sheriff supported this demand, the crown's top officials in fact sided with Jens Lassen. Aðils 1919 told this story as an example of Danish suppression in 18th century Iceland (p. 322-331).
82. LI 4, p. 144.
83. Gísli Gunnarsson, 1980:3, p. 15-16. Also Chapter 11.1 in this book.
84. This was indeed also the plan in the beginning, see LI 4, p. 176.
85. For instance Olafur Stephensen 1786:2
86. LI 4, p. 604-624.
87. Ibid, p. 612.
88. A decree regarding the future organization of the trade, the 13th of June 1787, LI 5, p. 436-437. In a decree about the development of the Icelandic fisheries, the 6th of June 1787, every citizen of the Danish-Norwegian realm was allowed to employ Icelanders as fishermen (LI 5, p. 408).
89. The information regarding the foreign trade is from Skúli Magnússon 1786/1944, p. 126.
90. This chapter is partly a summary of other parts of this work, in particular Chapters 4.1 and 10.2, where some necessary source references are found.
91. Lovsamling for Island (LI) 1, p. 184-194, 415-424, 563-575. LI 4, p. 314-353.
92. LI 4, p. 91.

3. PRICE DEVELOPMENT OF IMPORTS AND EXPORTS: THE MONOPOLY TRADE'S PROFITABILITY

3.1 Imports and Exports by Commodity Categories

In Table 3.1 the imports for 1625, 1655 and the annual average 1759/1763 have been presented. The value of the imports is the sales' prices in Iceland, not the cost of buying the imports and bringing them to Iceland. In other words, the table does not show the merchants' relative cost regarding the different products, only the Icelanders' relative costs. Grain products and most investment and production commodities were more expensive, and clothes, alcoholic beverages and tobacco were cheaper in relative terms for the merchants than has been shown in Table 3.1.

Unfortunately, it was not possible to find information regarding imports for periods other than the ones shown in Table 3.1. There was far better information regarding the exports; here the whole period 1733-1787 has been presented in Table 3.2. Two different kinds of price information regarding the exports had to be presented: One for the prices which the Icelanders got for selling the commodities. The other for the prices the merchants got when selling these exports abroad.

For a variety of reasons there was much difference between the relative prices of the exports in Iceland and abroad. Most trade costs and all trade profits were acquired through the exports, not through the imports. This was unevenly divided between the different commodity categories. Fish exports carried the largest part of these costs and the profits. Through this system the imports to the farming districts in the North and the East were subsidized by the exports of the South and the West.

It is of specific interest to note the relative decrease in the export of fish 1733-1763 compared to the scattered 17th century data. This is a clear indication of the country's economic stagnation.

TABLE 3.1

Imports to Iceland by Different Commodities in % of Total

Sales prices in Iceland	1625	1655	Average 1759/63
Consumer goods:			
Grain and grain products	33,6	24,2	34,8
Clothes (Textiles)	19,5	22,5	9,4
Beer, wine and spirits	17,1	13,0	14,0
Tobacco	-	-	11,1
Diverse	1,7	2,2	2,8
Total consumer goods	71,9	61,9	72,1
Production & investment goods:			
Salt	4,2	5,8	5,6
Hamp, flax, jute, sailclothes, ropes etc.	6,9	12,3	7,2
Metals	11,6	14,5	5,4
Timber and timber goods (barrels included)	5,2	5,3	8,6
Tar	0,2	0,2	1,1
Total production (& investment) goods	28,1	38,1	27,9
TOTAL	100,0	100,0	100,0

SOURCES:
In Lbs 86 fol a detailed register for 1655 and 1759/63 is found. In Skúli Magnússon 1786/1944, p. 81, a summary for 1625 and 1655 is found. Skúli Magnússon (1711-1794) is the writer of both sources. He used the 1702 price list to calculate the prices for at least 1655. It is quite possible that he did not have access to the price list of 1619, a contemporary of Skúli Magnússon, Hans Christian Bech, did not seem to have known it. (Bech: J.S fol. 37). Anyway, it would have been difficult to use the 1619 price list as several items sold 1625 and 1655 were not included in that list. (None of these is, however, of great importance). No such difficulties existed in the making of the summary for 1759/63.

TABLE 3.2
Exports from Iceland by Different Commodities as % of the Total

Both prices in Iceland (when the export goods were bought by the merchants) and the average or the estimated prices of the exports on European markets (when sold by the merchants).

VALUE IN ICELAND WHEN BOUGHT

	Fish products	Meat products	Wool & diverse[1] products	Total
1625	75,1	10,9	14,0	100,0
1655	68,6	13,1	18,3	100,0
1733/1742	32,4	30,1	37,5	100,0
1743/1746[2]	30,9	33,7	35,4	100,0
1759/1763	29,9	23,8	46,3	100,0
1764/1773	45,2	19,8	35,0	100,0
1774/1783[2]	59,5	11,0	29,5	100,0

VALUE WHEN SOLD ABROAD

	Fish products	Meat products	Wool & diverse[1] products	Total
1625	82,2	8,2	9,6	100,0
1655	76,0	11,2	12,8	100,0
1733/1742	44,6	31,4	24,0	100,0
1743/1746[2]	38,2	36,6	25,2	100,0
1746/1755[2]	39,1	34,7	26,2	100,0
1755/1759	37,8	24,5	37,7	100,0
1759/1764	45,9	27,9	26,2	100,0
1764/1774	52,9	25,3	21,8	100,0
1774/1783[2]	73,5	9,9	16,6	100,0

1. Mainly butter, eiderdown and skins, ca. 2% of the total.
2. Regarding the accounting years 1743-1777: The first accounting year was 1. January 1743 - 31. August 1744; thereafter the accounting years were 1. September till 31. August the following year until 1776/1777, at which time the accounting year was 1. September 1776 - 31. December 1777. Thereafter the accounting years were the calendar years.

SOURCES:
The sources for 1625, 1655, 1733/1742, 1759/1764, 1764/1774 and 1774/1783 are found in the work of Skúli Magnússon, 1786/1944, p. 72-76 and 108-127. Most of Magnússons´s calculations are aggregates based on information collected by him and preserved in Lbs 86 fol. This in turn could be compared with the official price lists published in Lovsamling for Island. The investigation of the more detailed information used by Skúli Magnússon did not reveal any miscalculation in his aggregates in the work of 1786.

The source for the years 1743-1759 were the merchants´ accounting books, mainly RA fol. reg. 140, nr 12. (Hovedbog 1742-1766). These calculations used here are based on information found in Table 7.3.

3.2 The Price Development of Fish and Grain in Europe

In Diagram 3.1, an attempt has been made to find out the long term changes in the relative prices of fish/grain in Europe 1400-1800. It must be emphasized that the diagram is based on heterogenous information and should only be interpreted as an indication of the price development.

The diagram (3.1) suggests quite clearly that the relative price of fish was high till c. 1550. These high prices synchronized with the increased popularity of the Icelandic fishing banks (and of Iceland) in European politics 1400-1500. The price fall 1550-1600, synchronized with three events. Firstly, the Reformation, leading to decreased fish consumption during the Lent in several countries. Secondly, the discovery and the use of the Newfoundland/New England fishing banks, leading to increasing fish exports. Thirdly, there was a general increase in the relative prices of grain, probably due to the so-called Giffin´s Effect: The price of necessities became higher in relation to the general purchasing power and the ordinary consumers had to abstain from the purchase of expensive food (as the dried cod undoubtedly was). Instead they bought cheap food such as grain in increasing quantities with the result that the price rise of the "cheap" products was steeper than that of the expensive products.

It is, however, not certain to what extent the Icelandic platfisk was a part of this general process. As is explained in Chapter 5.4, it served a very specific market, through the efforts of the Hamburg merchants. But the stop of American fish exports to Europe 1776-1783, almost immediately created a very sharp rise in the relative price of Icelandic platfisk, indicating the existence of a subtantial price integration of this commodity with other fish products on the European markets. It may, however, very well have been the case that the price fall 1550-1600, helped to limit the Icelanders´ fish production to the needs of the specific market created by the Hamburg merchants, a condition which existed during most of the monopoly trade period.

The introduction of the first royal trade price list in 1619 thus came at the end of a long term fall in the relative price of fish. The price began to rise again during the second half of the 17th century, although never reaching the pre-1550 level. A new price fall started after 1740. But, especially for the period 1723-1800, the limitations of Diagram 3.1 in showing the "short term" merchants´ terms of trade come clearly forward when we compare this diagram with Diagram 3.5.

Diagram 3.2 is a less ambitious (and a more reliable) document than is Diagram 3.1. It shows the price development of fish measured in silver for four countries as five year averages 1730-1799, and scattered data for two

other countries for parts of that period.

Firstly, it is interesting to study the price level of the different regions in Diagram 3.2. The most expensive type of dried cod was "Stockfische teuere Sort" of Klosterneuburg, Austria, closely followed by the series for New Castile and Würzburg. These were the regions importing the dried cod with other importing regions serving as intermediaries, such as Amsterdam and Copenhagen, where the fish was far cheaper. The price difference may be explained by the trade costs such as customs and the income of the various intermediary merchants.

If we study the fluctuations in Diagram 3.2, together with the correlation coefficients shown in Table 3.4, there apparently were two largely separate markets. One was the Amsterdam/Cologne market - the market of the Rhine region. The connection here is quite clear. The other market area does not come as clearly forward as does the first one but, nevertheless, some significant covariation apparently existed. It was New Castile/Klosterneuburg/Copenhagen. We may here be seeing the domination of Hamburg in this fish market area which later was at least partly replaced by the Copenhagen trade expansion (after 1750).

In Diagram 3.3 the price development of rye in silver has been shown, primarily for the purpose of emphasizing the fact that there was great price integration in the European rye market. We can also see the price rise during the Great Nordic War and the long term and the slow price rise, with some fluctuations, 1755/1759 - 1795/1799. This neutralized, of course, the long term price rise of fish in the calculation of the terms of trade for Icelandic exports/imports.

In Table 3.3 the Danish money inflation 1740-1790 has been estimated.

TABLE 3.3

The Inflation 1740-1790, Statistical Evidence of Decennial Averages

	Increase in % from 1740/49 to 1780/89
Money in relation to silver	
Rixdollars courant in 1 kg. silver[1]	14
Commodities in relation to money	
Rye, Copenhagen market prices[1]	42
Butter, trade companies' average[2]	83
Tallow, trade companies' average[2]	29
Hemp, purchases by Söetaten (The Danish Navy)[2]	42
Icelandic stockfish, Copenhagen[3]	105
Commodity terms of trade[4]	
Import index	46
Export index	111

1. Friis and Glamann, History of Prices in Denmark 1660-1800, Copenhagen 1958.
2. The Danish Price Project's Archives.
3. Friis and Glamann, op. cit. Prices in the Company Storehouse, RA fol. reg. 140-1.
4. The second period is here only 1780/87. As for further explanation, see Chapter 3.5.

DIAGRAM 3.1

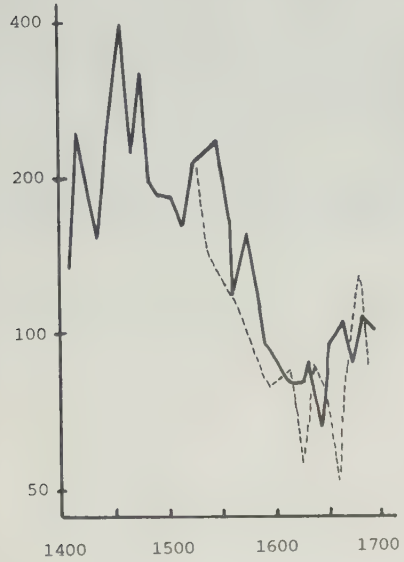
A Generalized Diagram of the Price of Dried Cod Measured in Grain, for England 1400-1700, for Holland 1520-1800, for Würzburg, Germany 1600-1790, for New Castile 1651-1800, for Copenhagen 1721-1800
Ten years' averages.

Indici with 1661-1700 are used as the base period with the exception of Copenhagen for which the basis is the average of the decennia.

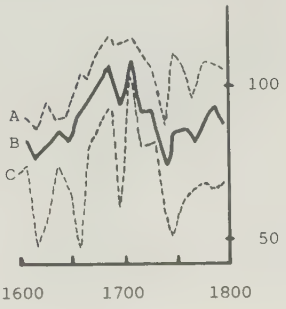
As for further explanation of the construction methods, see the text.

To the left:
The period 1400-1700
Ling/wheat, England _____
Rondvisch or stockfish/rye, Amsterdam and Utrecht.------

Log scale



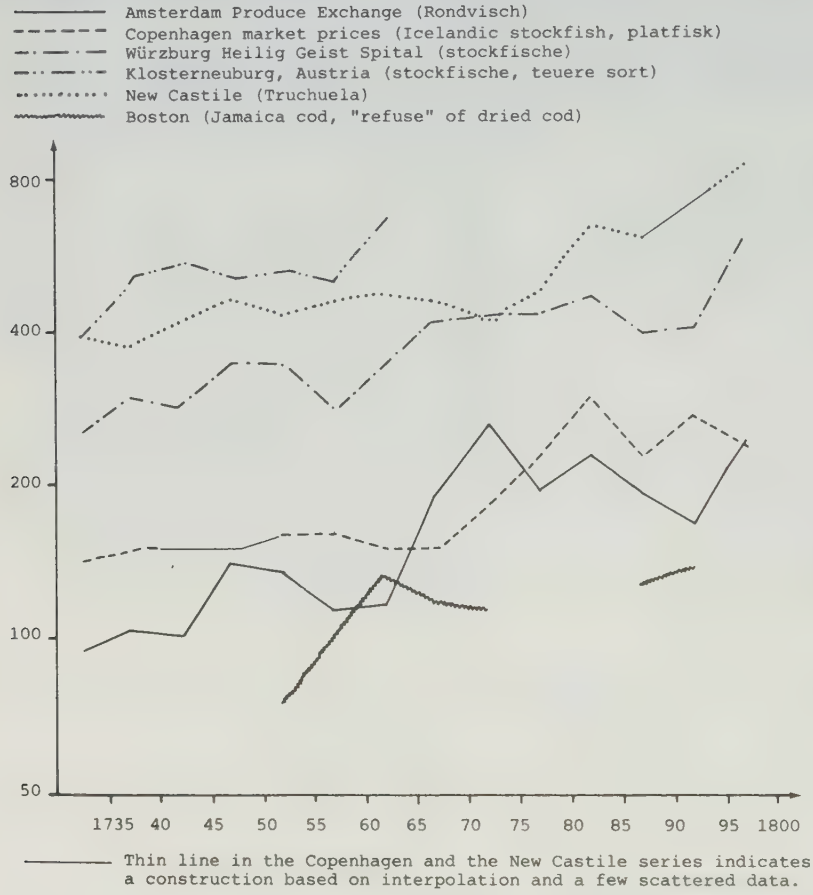
To the right:
The period 1600-1800
This is the unweighted average of various indici together with the lovest and highest noted observation in all the indici at each point in time. The average is composed of:
Ling/wheat, England, 1600-1700,
Rondvisch/rye, Amsterdam, 1600-1800,
Stockfische/rye, Würzburg, 1600-1790,
Truchuela/wheat, New Castile 1650-1800,
Icelandic dried fish (platfisk)/Danish rye, Copenhagen 1720-1800.
A = The unweighted average
B = Highest observation at each point
C = Lowest observation at each point



Sources: Th. Rogers: A History of Agriculture and Prices, vol. 1-7, N.W. Posthumus: Nederlandsche Prijsgesciedenis, Deel 1; Inquiry into the History of Prices in Holland, vol. II. Earl J. Hamilton: War and Prices in Spain 1651-1800. M.J. Elsas: Umriss Einer Geschichte Der Preise Und Löhne In Deutschland, Erster Band. A. Friis and K. Glamann: A History of Prices and Wages in Denmark, vol. 1, 1660-1800.

DIAGRAM 3.2

100 Kilogrammes of Stockfish (= Dried Codfish) in grammes of Silver
Five years' averages, 1730/1734 -.1795/1799. Six different regions.

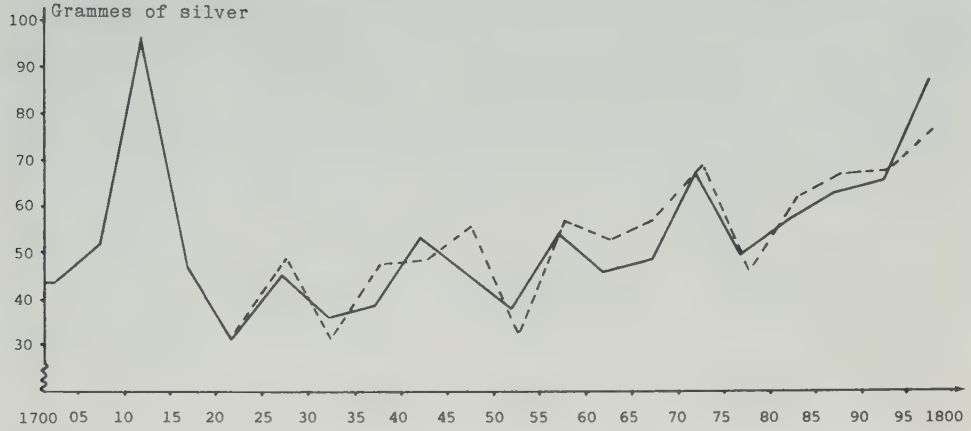


All the series are homogeneous, i.e. only showing the price of one commodity, with the exception of Würzburg 1790-1799 when the price of "miscelleneous stockfish" is linked to the price of Cologne stockfish, but there is a high positive correlation coefficient between these two, or more than +0,8 during all the periods of comparative studies.

Sources: See Table 3.1

DIAGRAM 3.3

Price of one Barrel of Rye, Danish Rye, Copenhagen, and Königsberg Rye, Amsterdam Produce Exchange, during the 18th Century. 5 Years' Averages



Sources: Posthumus, N.W.: Inquiry into the History of Prices in Holland, vol. 2. Friis & Glamann: History of Prices in Denmark 1660-1800, vol. 1.

TABLE 3.4

CORRELATIONS (r_{xy}) of the Annual Averages of the Series of Fish Prices Found in Diagram 3.2 (All correlations are here positive).

	In current money value	In silver
Amsterdam/Würzburg		
1731-1750	0,819	0,800
1750-1775	0,847	0,842
1776-1799	0,708	0,706
1731-1778	0,891	0,885
1751-1787	0,867	0,863
Amsterdam/Copenhagen		
1731-1778	0,711	0,609
1750-1787	0,597	0,561
1750-1775	0,679	0,533
Copenhagen/New Castile		
1750-1787	0,784	0,734
Copenhagen/Würzburg		
1731-1778	0,700	0,538
1750-1787	0,635	0,574

3.3 The Money Price and the Quality of the Rye Imports to Iceland

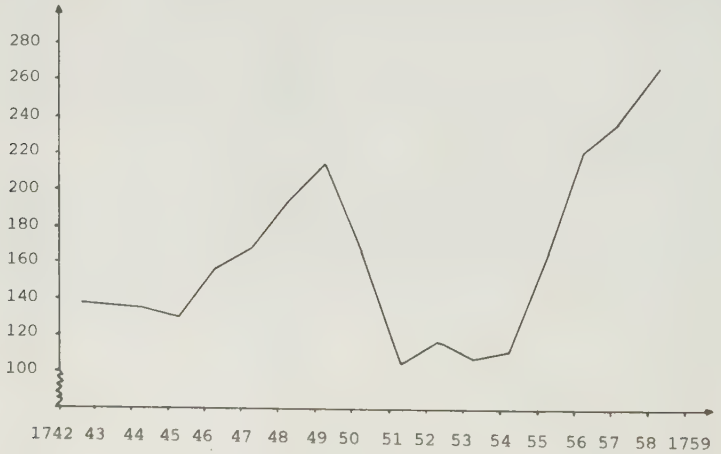
In the fixed royal price lists until 1776, the container was included in the rye barrel in Iceland. Only milled rye was sold. The cost of cooperage and milling may reasonably be estimated as 25% of the total cost.[1] 1702-1776, the price of a rye barrel in Iceland was 180 shillings when the payment took place in the so-called fish harbours. With the estimated cooperage and milling costs extracted, the Icelanders thus paid only 135 skillings for the rye barrel presented in Diagram 3.4.

The average purchase price of the rye barrel 1742-1758, 163 shillings, was thus far higher than the sales price of the barrel in Iceland. Besides, the milling and the cooperage costs, the personnel and the transport costs of the trade must be added for finding the barrel´s actual value in Iceland. If one half of these costs were to be added to the imports (and the other half to the exports), the value-added factor of these costs for the imports in Iceland would come close to 30%. If this was added to the calculated rye barrel, it would result in a value of 289 shillings, i.e. the price needed for covering solely the costs of the rye barrel measured in money would be that amount: 163 1,33 1,33 = 289. The average sales price of 180 shillings was thus only 62% of the actual cost value of the rye value, if the barter trade system is ignored.

But, ignoring the barter trade nature of the monopoly trade system would, of course, be a gross error. Normally, the rye barrel was not sold for money but it was exchanged for other goods which also were grossly underestimated in monetary terms. This came out very clearly in the prices of fish products. One skippund of dried cod (platfisk) was bought in Iceland for the nominal price of 360 shillings. The Copenhagen market prices of one skippund platfisk were 1152 shillings (12 rixdollars) 1743-

DIAGRAM 3.4

Price of a Rye Barrel, Iceland Trade Company 1742-1758. Annual averages. (One year = 1. September in year t to 31.August in year t+1). In shillings.



The rye barrel was the Danish standard one. The rye was not milled and the container was not included in the price.

Source: R A fol. reg 140, nr. 10-15

1759,[2] the Hamburg-Altona prices for the same product during the same period was 12-16 rixdollars.[3] The sales' prices abroad for Icelandic cod was thus more than three times higher than the purchase price in Iceland.

Thus, the exports not only paid all the costs of the trade, such as freight, insurance and personnel costs, the exports also subsidized the price of certain imports such as rye.

The price of the rye barrel calls attention to the question of quality. It may be noted that the price for the rye bound for Iceland was always lower than Danish rye in the Copenhagen markets, especially when the price of the Copenhagen market rye was high. In these years, the Icelanders not only complained that the rye was imported in too small quantities, but also that its quality was bad.

In the Danish kingdom the standard rye barrel of 139 litres should, in its Icelandic part according to the royal price lists 1776, weight 168-172 Danish pounds. A fail marginal of 4 pounds less was allowed.[4]

The standard rye barrel (of 139,1 litres) used by the bakers of Copenhagen should carry no less than 192 pounds rye (95,24 kg).[5]

In the Netherlands, the rye barrel of 120 litres should carry 164 Amsterdam pounds (81 kg).[6]

Kåre Lunden has estimated that, during the Middle Ages, the natural weight of grain (barley) was 66 kg per hectolitre while admitting that this figure was probably too high.[7] According to Lunden, there were 59-68 kilogrammes in one hectolitre grain (barley) in Norway during the 1880s.[8]

It is generally assumed that the lower each volume unit of rye weighs, the lower the quality.[9]

It should be emphasized that at least in the case of the Danish kingdom, the stipulated weight per volume was the minimum one allowed. If the merchant (or the baker) wanted to sell more weight per each volume unit, there was no law against that. But in any case, the monopoly merchants had "the law on their side" if they wanted to sell low-quality rye in Iceland.

TABLE 3.5

Kilogrammes in One Hectolitre Rye. (Sources, see text)

Icelandic price list 1776	59,9-61,3
- the allowed fail marginal	58,5
Instructions to Copenhagen bakers 1776	68,5
Netherlands (at least until 1824). No specification how far back in time	67,5

Sources: see Notes 4, 5 & 6 to Chapter 3.3.

Indeed there is other evidence regarding the poor quality of exported grain from Denmark during the 18th century; mainly Danish grain exports to Norway. When the Danish grain monopoly in Norway disappeared in 1815, the Danish agriculture went through a difficult crisis and, according to one source, this was because of the low quality of the Danish grain; it could not compete with grain exports from other countries. "There was a shortage

of granaries and, besides, the grain was so badly dried and was generally of such a low quality that only with difficulties could it be stored and transported to Norway".[19]

There is absolutely no reason to expect that the grain taken to Iceland during the 18th century was of a higher quality than the Danish grain than taken to Norway, despite the fact there were greater difficulties in transporting the grain to Iceland than to Norway. This may help to explain why the Icelanders frequently complained about the quality of the grain, especially during times of grain dearths.[11]

3.4 The Factors Constituting the Monopoly Trade's Profitability. An Abstract.

In short, the gains and the losses of the monopoly merchants were basically the function of these factors:

1. The merchants' terms of trade abroad (i.e. outside Iceland).
2. The export mix in Iceland, which in its turn was mainly the function of the economic situation in the country.
3. The import mix in Iceland.

Factors 1 and 2 have the greatest explanatory value regarding the gains and the losses of the Copenhagen monopoly merchants in Iceland according to the empirical studies of the trade. (See the respective chapters of the trade companies 1733-1787).

3.5. The Merchants' Commodity Terms of Trade

In Diagram 3.5 we can see the monopoly merchants' commodity terms of trade 1723-1787, together with the indici for imports and exports during the same period. Construction methods for these indici have been presented in the Appendix to this chapter (3.5).

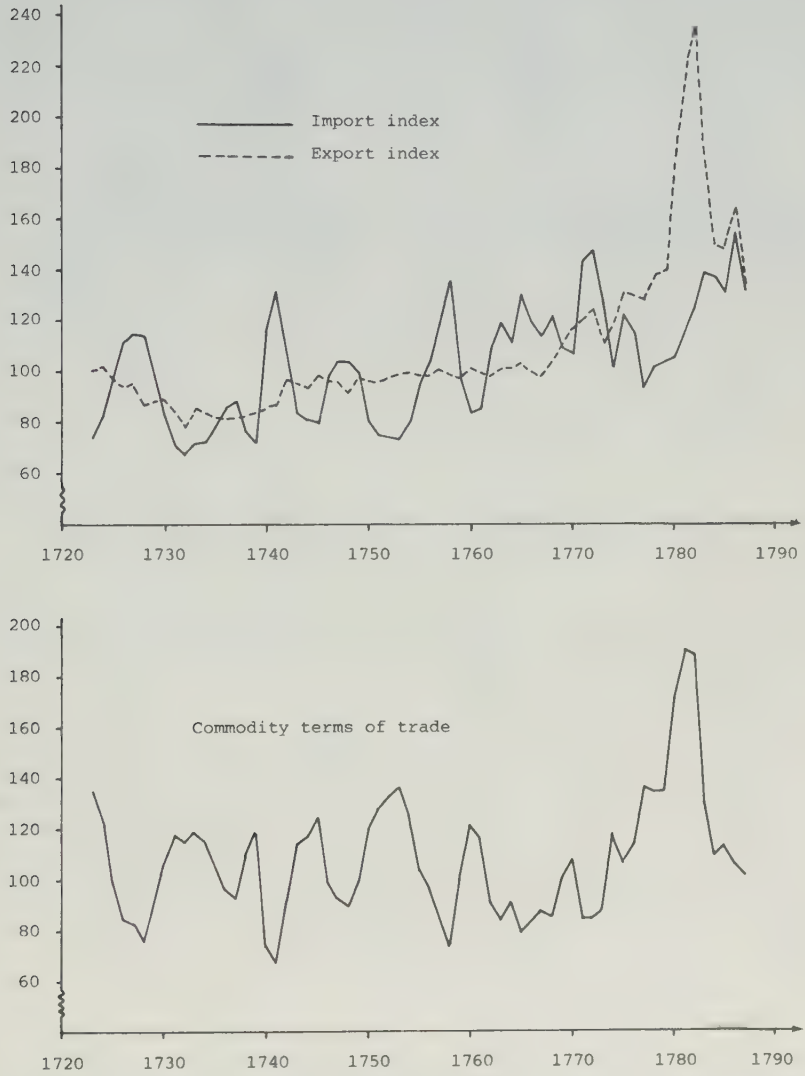
There were great fluctuations in the merchants' terms of trade. As we can see in Diagram 3.5, the imports primarily created these fluctuations till c. 1767; thereafter, the exports mainly caused the fluctuations.

Diagram 3.6 shows the relative price fluctuations of the two most important commodities in the Iceland trade, Platfisk/Danish rye, 1723-1800. Also a five years' moving average has been used in that diagram, both for showing a trend and because the royal leases for the monopoly trade usually lasted at least five years.

If we compare Diagrams 3.5 and 3.6, we can clearly see that it was mainly rye which created the fluctuations in the import index and it was first and foremost dried cod which caused the fluctuations in the export index. The variation coefficient ($s/\bar{x} \times 100$) was 33,9 for the relative price series platfisk/Danish rye 1723-1787 while it was 22,9 for the commodity terms of trade during the same period. As we can see in Tables 3.6 and 3.7, Danish rye with the closely positively price correlated barley groats constituted 50% of the weighted imports and platfisk (Icelandic stockfish, dried cod) constituted 48-67% of the weighted exports in the construction of the respective indici.

DIAGRAM 3.5

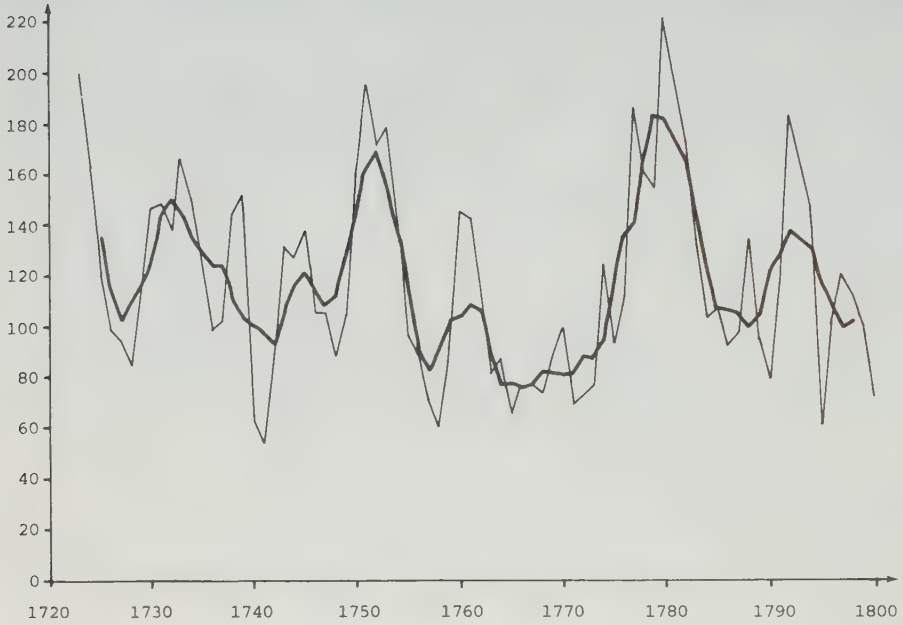
The Weighted Indici of Imports and Exports. Commodity Terms of Trade, (Exports Index/Imports Index), of the Monopoly Trade Merchants 1723-1787



68% of the imports and 79-83% of the exports were covered in the respective indici. For all imports and exports the period 1759-1763 was the index basis (100). For the relative price exports/imports, x was 102 for the period 1759-1763, for the whole period, 1723-1787, it was 108,4. As for further explanation and source references, see Chapter 3.5; in particular the appendix where the construction methods have been presented.

DIAGRAM 3.6

The Relative Price of Platfisk/Danish Rye 1723-1800



Index, the basis used: Σ (platfisk 1759-1763)/ Σ (Danish rye 1759-1763) = 100. Σ (platfisk/Danish rye) 1759-1763 = 107,6, with respect to this index basis. Both yearly averages and five years´ moving averages. As for sources, see Appendix to Chapter 3.5.

The relative price rise of platfisk/Danish rye was far greater 1750-1753 than the rise of the commodity terms of trade during the same period, especially in comparison with the relative high price in both diagrams, 1776-1782. The major explanation for this is the change in the weights used in the export series; platfisk was 48% of the export weights 1750/1754, but 66,6% 1776/1783. At the same time the weights for imports such as rye did not change (see Tables 3.6 and 3.7). The main cause for the relative price rise 1750-1753 was a drastic fall in the price of rye; the main cause after 1776, a drastic rise in the price of fish while at the same time the relative share of fish in the exports increased.

This means that the introduction of commodities other than dried cod and rye into the commodity terms of trade primarily decreased the amplitude of the fluctuations. There would probably have been further decreases in these amplitudes if all commodities, instead of "only" 75%, had been included in the commodity terms of trade.

Diagram 3.5 basically shows that there was a relative price stability of all products except for grain products 1723-1767. But grain fluctuated very much in price as the function of the changeability of the harvest seasons. In 1768 fish prices began to rise relative to other products, first slowly,

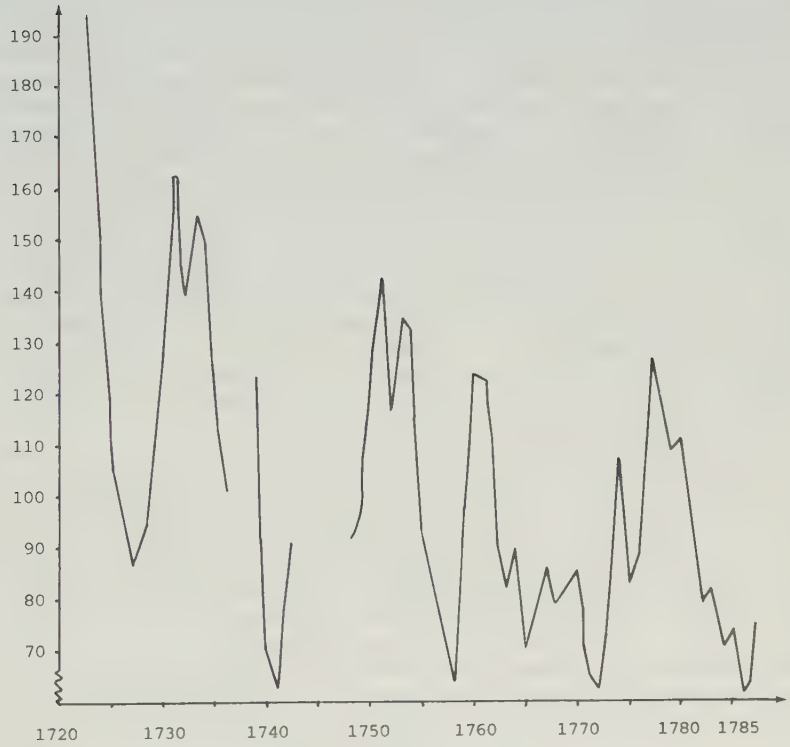
but later there was a steep rise in the price of the Icelandic dried cod, especially 1780-1782. Thereafter, there was a very sharp fall in the prise of fish.

In Diagram 3.7, we can see the relative prices of production and investment commodities on the one hand and consumption commodities on the other.

It clearly comes forward that there were great fluctuations in this relative price which mainly can be explained by changes in the denominator, i.e. the cereal products, out of which rye was the far most important item.

DIAGRAM 3.7

IMPORTS
The relative price:
Production and investment goods/consumption goods 1723-1787



The numerator is the imported production and investment goods in the monopoly trade in Iceland during the 18th century, the denominator is the imported consumption goods.

The production and the investment goods represented in the import index:
Salt, flax, hemp, iron, tar.

The consumption goods represented in the import index:
Rye, barley, groats, Danish brandy.

Source: Friis and Glamann 1958.

Nevertheless, the long term trend is that the relative price of investment and production goods became cheaper in the total "import mix". It is also interesting to note the exceptions to this trend, for instance, the relative high price of production goods during much of the period of the Chandlers´ Guild Company in Iceland (1749-1754) which was followed by a drastic fall in this relative price due to the rapidly rising cereal prices (1755-1758). The relatively high price of cereals during the second top of more than two years´ period (1776-1780) was mainly characterized by a far greater rise in the price of the exported fish hence these high cereal prices did not damage as did the high rye price of the late 1750s undoubtedly, both to the merchants and their Icelandic customers.

The calculated terms of trade were, in reality, only partial terms of trade. They show very well the fluctuations in the relative prices of exports/imports of Icelandic products abroad and as the difference in the commodity mix over time is taken into account, the calculated terms of trade are weighted with respect to the changes in the commodity pattern, especially regarding exports. As prices were constant in Iceland, the fluctuations of the prices of imports and exports abroad were obviously important as a factor in making the profits or the losses in the trade.

But the calculated terms of trade do not take into account the great variation in the price of exports in Iceland with respect to the value of these exports abroad. For instance, wool products were overvalued in Iceland and the merchants always had to buy these products for a higher price than was profitable for the trade. On the other hand, fish products were constantly undervalued in the trade in Iceland. In Table 10.3, we can see how profits and losses in the trade may be divided into different commodity categories.

This means that a relative increase or decrease in the price of fish products played, in fact, a greater role in the making of profits or losses than the calculated terms of trade indicate.

The terms of trade "abroad" for the monopoly merchants do not show the situation when the Icelanders, due to economic/demographic crises, were simply unable to produce food for foreign markets, i.e. were not capable to participate in any normal foreign trade. In times of hunger in Iceland it was quite natural that Iceland´s most important exports, fish and meat, were only available in quantities far below what was usual. Only the wool products could be supplied in similar quantities as before, perhaps even more than that. Due to the overvaluation of these products in the trade, as has been related here before, this created significant difficulties for the merchants. The situation could arise that the relative prices of fish and meat products were favourable abroad, nevertheless this was of no use to the merchants as their boats had to return more or less empty from Iceland. (The trade charters made it obligatory for the merchants to send boats to all the Icelandic ports of trade).

The calculated terms of trade therefore have in short this inherent weakness: These do not show or take into account the disharmony of the fixed price system in Iceland.

We might say that this disharmony disrupts the picture of constant prices in Iceland. If an Icelandic consumer decided to pay for the rye barrel with wool stockings instead of dried merchantable cod, he was in

fact lowering the price of the rye barrel. This made it tempting for the merchants to refuse to receive any commodity but fish and perhaps meat as well, in short refusing to receive the wool stockings as a payment. There are several examples showing that this actually happened. But another alternative for the merchant would be to change "the import mix".

Also in the imports, certain commodities were systematically undervalued with respect to the purchasing cost abroad while other products were systematically overvalued. Generally the "necessities", such as grain, were undervalued, while the "luxuries", such as brandy, were overvalued. Hence a merchant might be willing to accept the wool stockings as the payment for some brandy, while for his rye barrel he would only take fish.

The trouble was that during demographic crises this kind of "price manipulation" became very unpopular and difficult to carry out. The trade charters also made it clear that it was obligatory for the merchants to include in their imports sufficient quantities of necessities. Other royal instructions told the Icelanders to be more energetic in catching fish for the merchants, but it obviously was easier for the Crown to control some twenty merchants or a single trade company than to control tens of thousands of Icelanders.

During the second half of the 18th century the Icelandic officials, led by the legendary country treasurer, Skúli Magnússon, began to scrutinize the merchants' trade form in more detail than had been done previously, and they were helped in this respect by the cameralist high royal officials in Copenhagen.

But despite the apparent shortcomings of the calculated terms of trade for the monopoly merchants abroad in describing exactly the economic results of the trade, nevertheless, these terms of trade usually correspon well with the actual profits of the merchants, except during periods of demographic crises in Iceland.

3.5 Appendix to Chapter 3.5: Construction Methods of the Commodity Terms of Trade for the Copenhagen Monopoly Trade Merchants in Iceland 1723-1787

Indici are made for various commodities; thereafter, these are spliced together into two weighted indici, one for export and one for import. Then the export index is divided by the import index.

The base year was the average 1759/63. The source for the price entries is basically History of Prices in Denmark 1660-1800 by Friis and Glamann, which mainly dealt with market prices in Copenhagen. Naturally only a few of the goods imported to or exported from Iceland were presented in that book. Therefore one commodity was considered as being representative for a group of commodities. This was decided on the basis of correlation tests. For instance, iron represented all metals and metal products; the correlation coefficient between the various metal products was usually +0,8 to +1,0.

For certain periods and/or certain commodities, price information which was lacking in History of Prices in Denmark was obtained from Icelandic trading companies. The same commodity in the same year tended to have very similar prices in Copenhagen although bought at different instances.

The Weights Used:

The Icelandic demand for imports was relatively stable and the imports do not seem to have changed radically. The most important change happened at the end of the monopoly trade period when the relative importance of cereals in the import increased. However, I have chosen to ignore that fact (as it was atypical for the period as a whole) and consequently the same weights are used for the whole period regarding imports (1759/63 for the period 1723-1787).

The changes in exports, however, were too great during the 18th century to have only one set of weights. Until c. 1763, the relative importance of fish products was much less than later on, especially after 1774 (see Table 3.2). The sporadic data we have for the 17th century show a high relative significance of fish products in the exports, more similar to the relations during the late 18th century than during the period 1733-1763. As for explanation of these changes, see Chapters 5.4 and 5.5.

It is, thus, not always possible to use the same weights for exports. Instead I use three weights: 1733/42 for the period 1723-1764, 1764/74 for the period 1764-1774, 1774/83 for the period 1774-1787. The weights are connected through the years 1764 and 1774.

The sources for the different weights are explained in the notes accompanying Tables 3.1 and 3.2. Information is found there regarding both quantity and price (but obviously the multiplication of these is the basis for the weights).

However, price information about certain goods was not found in Friis' and Glamann's "History of Prices in Copenhagen". This meant that certain goods had to be left out in the construction of the weights. Sometimes a substitution was found in other sources; of importance here is mainly Danish brandy, but information about the prices of that commodity was found in the country averages of Danish county estates (the archives of the Danish Price Project).

In the import weights, tobacco, clothes, timber and diverse products were left out, or 31,9% of the total average import 1759/63. In the export weights, wool products and diverse goods were left out, or 16,6-21,8% of the total value of the exports on European markets. (Naturally European market prices were the weights' basis of exports, not the value of exports when bought in Iceland).

For certain years, information about a specific commodity was lacking. Danish rye was used then as a proxy variable for other cereal products, including alchoholic beverages. But sometimes the weights were changed by

TABLE 3.6

Import weights in %, based on imports 1759/63.

Danish rye	39,8	(The average of the indici for flax and hemp is calculated. Beer was imported only in small quantities during the 18th century and is considered as being represented by rye and barley)
Barley groats	9,8	
Danish brandy	15,4	
French brandy	0,9	
French wine	2,7	
Salt	11,3	
Flax & Hemp	10,6	
Norwegian iron	7,9	
Tar	1,6	
	100,0	

simply calculating the percentage without the missing commodity. In the import series this was the method regarding tar till 1748; in the export series this was used regarding train oil 1723-1731 and salted lamb 1778-1787 (probably there was no significant export of salted lamb 1778-1787 anyway!). This type of weights´ construction was hardly of great importance (tar was only 1,6% of the imports; train oil was only 5,8% of the exports 1733/42). To use Danish rye as a proxy variable in the import series is of greater importance (and may be questionable in the case of beverages).

In Tables 3.6 and 3.7 the weights used are shown:

TABLE 3.7

Export weights in % based on exports 1733/1742, 1764/1783.

	Weights for 1733/42	Weights for 1764/73	Weights for 1774/83
Stockfish	48,0	51,6	66,6
Dry salted fish	4,2	7,4	9,5
Barrel-salted fish	1,8	2,1	2,2
Train oil	5,8	6,5	9,9
Salted lamb	29,1	26,4	5,6
Tallow	11,1	6,0	6,2
	100,0	100,0	100,0

3.6 Foreign Fishermen, Illicit Trade and the Profitable Exchange Ratio: Tobacco/Stockings

All trade other than with the Copenhagen merchants was, of course, illicit 1602-1787. This did not prevent illicit trade, but for obvious reasons it was not documentated except in exceptional circumstances. It is, for instance, clear that several European fishermen visited the Icelandic fishing banks during this period. It was necessary in these days for the fishermen to have some landing facilities close to their fishing banks for curing the fish and for fetching fresh water. For such landing facilities payments had to be made and that "trade" could easily be followed by exchange of some commodities to the mutual benefit of both. In other words: as long as foreign fishermen visited the Icelandic fishing banks, some kind of "illicit trade" was bound to happen.

Skúli Magnússon estimated in 1786 that the number of foreign decked vessels in Icelandic waters was annually between 200 and 300. According to him the vessels came from England, Scotland, France, Hamburg and especially from Holland.[12]

Apparently the Dutch had very good trade contacts with the Icelanders till the 1740s. They had been deprived of their North American possessions during the 1650s and, thereby, the access to landing facilities in connection with the New England fishing banks and consequently the Icelandic cod fisheries appealed to them in particular.

In the 1740s effective measures were taken to stop the illicit Dutch trade in Iceland. Danish warships captured many Dutch fishing boats in "Icelandic waters", finding on board a large number of Icelandic stockings.

Skúli Magnússon, then "sýslumaður" (sheriff) in the Icelandic North was also very effective in uprooting the Icelandic-Dutch contacts,- something which he came to regret later. Some 40 years after his participation in the capture of the Dutch boats, he wrote the following words:

> Till 1741 in Northern Iceland there was illicit trade with the Dutch. /.../The Dutch paid 18 shillings for a pair of merchantable socks which was twice as much as the monopoly trade merchants were willing to pay for the socks. In exchange (for the socks) the men got tobacco, iron goods, some brandy, small quantities of grain /.../ The men from Northern Iceland sold some of these goods to people in Southern Iceland for a good profit, getting fish in exchange. When this stopped (largely due to the author´s own effective administration), the Northerners´ purchases of fish in the South decreased and their profit was lost, but the Northerners had enjoyed (this trade) since 1620/.../ this was one reason for the decline of Northern Iceland since 1741.[13]

As is related in Note 6 to Table 3 in Chapter 7, Icelandic socks were mainly sold to Amsterdam 1743-1759, till 1753 through the Copenhagen firm of Michael Fabritius & Wever. The process "Icelandic producers - Dutch consumers" had been replaced by this process: "Icelandic producers - Copenhagen monopoly merchants - the merchant house Michael Fabritius & Wever - a Dutch merchant house - the Dutch consumers". Naturally this meant less money for the producers, perhaps it also cost more money for the consumer. It is also obvious that, by and large, the Copenhagen monopoly merchants made a loss through the sale of wool products as we can, for instance, see in Table 10.3. But as Carl Pontoppidan pointed out in 1787,[14] it was not sufficient to consider the wool trade in isolation from other trade. While wool trade was unprofitable, the trade tobacco/wool brought good profits for the monopoly merchants.

Notes to Chapter 3.

1. It was 25% for the Iceland Trade Company 1742-1743, 23% in 1743-1744. (Rug Conto in RA fol. reg. 140-12).
2. The prices in Copenhagen markets corresponded well with the warehouse prices of the company (of the Copenhagen store). See Friis and Glamann, 1958, and RA fol. reg. 140-1).
3. Or to be more precise, the Hamburg merchant houses paid from 13 rd. 38 sk. to 15 rd. 48 sk. for the skippund of grov platfisk brought from Glückstadt to Hamburg, from 11 rd. 45 sk. to 13 rd. 48 sk. for the fish brought from Copenhagen to Lübeck, the price rising with time. The Copenhagen merchant firms which took over the German market together with some Altona burghers in 1758 paid from 14 rd. 60 sk. to 16 rd. 60 sk. for one skippund. (RA fol. reg. 140-10, 140-11, 140-12). As for the price paid by the consumers of the Icelandic product in Southern Germany and Central Europe, the stockfish price series from Würzburg Heilig Geist Spital and/or the monastry of Klosterneuburg may provide the appropriate information. It was in these places between two and three times higher than the sales´ prices of the company. (See Diagram 3.2 for further information).
4. Lovsamling for Island, vol. 4, p. 314-356.
5. Friis & Glamann: 1958 p. 145.

6. Posthumus II, p. 34.
7. Kåre Lunden: Korn og kaup (1978), p. 111.
8. Ibid, p. 110-111.
9. For instance Lunden: "and everyone knew that good grain was heavy". Ibid, p. 111.
10. V. Falbe Hansen: Stavnbaandslösningen og Landboreformerne, Kjöbenhavn 1889, 2den Del, p. 17.
11. It should, however, be pointed out that normally grain was only a small part of the Icelandic diet. It was a supplement to the basic food of milk products (and to some extent fish). (See, for instance, the estimations of Jon Steffensen, 1975 p. 250).
12. Skúli Magnússon 1786/1944, p. 51.
13. Skúli Magnússon 1784, p. 145-146.
14. Pontoppidan 1787, vol. 1, p. 305.

4 THE INTRODUCTION OF THE MONOPOLY TRADE AN OUTLINE OF ITS HISTORY TILL 1733

4.1 The Restricted Foreign Trade Before 1620

It was the duty of the prince or the lord in medieval society, and indeed in pre-capitalist societies in general, to protect his people against outsiders such as robbers, soldiers of other princes or foreign merchants. Hence it was the duty of the prince to regulate foreign trade in his domain. He was to take the adequate measures to prevent the export of neccessities, especially if this export of such merchandise could lead to famine in his country. He was to decide the prices to be used, perhaps after negotiation with the foreign merchants, and generally he was to assure that the foreign trade in his country should be carried out peacefully and not to the detriment of anyone. Specific ports of trade were considered neutral ground where both the security of the visiting merchants and the native population could be ensured. Naturally the outsiders were not allowed to participate in the production process and the time of their visit was limited.[1]

Prior to 1262, it was the duty of the local chieftains in Iceland to control foreign trade.[2] What happened in 1262 was basically that the different chieftainships were taken over by the Norwegian king. He became the only lord/prince of the country and received the same duties and rights as the local chieftains had enjoyed, including the authority to regulate foreign trade in Iceland.[3] There was no doubt in the minds of the Icelanders that the king had the right to control this trade. Besides, he was in a very good position to do so as all foreign trade in Iceland at that time was in the hands of Norwegian merchants, mainly merchants of Bergen.

However, the Norwegian king always delegated much of his power to Icelandic fief-holders (who to a large extent were the successors/-descendants of the chieftains). This was in fact a part of the Old Charter of 1262, but that year the Icelanders swore allegiance to the Norwegian king and he in return promised to rule the country "in accordance with its old laws" and "with the advice of its best men".[4] The Icelandic sýslumenn (Hereafter called sheriffs) naturally inspected trade in Iceland and apparantly they, too, continued the old chieftains´ tradition of determining which prices should prevail in foreign trade. This at least was as much a prevalant practice among the Icelandic sheriffs of the 15th century as it had been among the Icelandic chieftains of the 13th century.

The Norwegian king, however, never delegated the right to decide which merchants should be allowed to sail to Iceland. From 1262-1787 the king had the sole and absolute right in deciding in this matter and this right was never challanged by the Icelanders or by princes in foreign countries.[5]

During the 14th century the Hanseatic merchants acquired the control of foreign trade in Bergen. In 1387, the Norwegian and the Danish crowns were united, a situation which lasted till 1814. This meant for Iceland that the de facto king of the country was the Danish one from 1387, although the de jure king was the Norwegian one (till 1814).

Since the early 15th century, Iceland had been in very good navigational contacts with Europe. The English merchants and fishermen sailed to Iceland in great numbers to catch or to buy fish. The authority of the Danish-Norwegian crown in Iceland in fact withered away. It was restored to some extent after 1470 with the help of Hanseatic merchants who wanted to remove

English merchants from the Icelandic scene. But the Hanseatic merchants had begun to sail directly to Iceland from their home towns when they found out that they no longer could control the Icelandic stockfish market through their position in Bergen.

The Danish control of the Sounds was important for the Icelandic trade. During the 1470s various English ships bound for the Baltic countries were seized in Oresund with the sole purpose of securing Danish control of Iceland (which English interests wanted to get under their control due to the fishing banks). The seizure was effective and sucessful.[6] Indeed, Danish control of Iceland during the following centuries, when England and France fought many battles over the control of Newfoundland (and the adjoining Grand Banks), may primarily be explained through the control of the Sounds.

The Danish crown first got effective control of Iceland after the Reformation (in Iceland 1540-1550). From 1538 to 1555, Danish troops were stationed almost permanently in the country. The English were then finally driven from Iceland.

During the 16th century the Hamburg merchants acquired control of a very large part of Iceland´s foreign trade, especially the important fishing region in the south-west. They created a market pattern for the Icelandic stockfish (Flachfisch) which lasted till 1760/1770 as will be described in Chapter 5.3. But these German merchants sailed to Iceland only with the permission of the Danish crown.

The official motivation for the introduction of the monopoly trade in 1602 was the need "to stimulate trade and seamanship" in the Danish realm.[7] The North Atlantic provinces of the Danish-Norwegian realm were to be the nursery of Danish seamen and merchants of overseas trade.

But to the Icelanders the introduction of the monopoly trade in 1602 simply meant that the crown refused to renew the trade privileges of the German merchants and gave these, instead, to merchants who were his own subjects. These were in Copenhagen, Helsingör and Malmö.

The Crown´s effective control of Icelandic trade prior to 1602 is in contrast with the assertation made frequently in Icelandic historiography, namely that the introduction of the monopoly trade was neccessary to protect the Icelanders from the abuses they were subjected to by foreign merchants. According to this legend, these abuses were frequent prior to 1602, but more or less stopped when the Crown finally got control of the trade from 1602 onwards.[8]

The general competition regarding the Iceland trade both before and after 1602 contradicts the idea that the monopoly trade was neccessary for securing provisions for to Iceland as a whole.[9]

The drastic changes in the Icelandic trade came later than 1602 or in 1619-1620. These included the introduction of a royal price list, in 1619, and the foundation of a trade company for the Iceland trade (which began its operations during the year 1620).[10] The two events were combined and their underlying purpose was due the failure of several Danish merchants to be something else than stooges of the old experienced Hamburg merchants. (The Malmö merchantile community had lost most of its Iceland trade privileges probably due to the same reason as early as 1614).[11] The Danish king hoped that a trade company would be able to manage things better and act more independantly vis-á-vis foreigners than individual merchants had done.

For the Icelanders this change from several individual merchants to a single privileged trade company entailed a relative strengthening in the

bargaining position of the foreign mercantile community. This can be seen very well in the introduction of a single price list for the whole country which was made by the crown and not by the individual Icelandic sheriffs as had been the tradition previously. This innovation must be seen as a neccessary complement to the establishment of a single trade company for the whole of the country. Although this measure undoubtedly was to some extent intended to be a protective measure for the Icelanders against the possible avarice of the new trade company, it also meant that the price decision mechanism now took place in Copenhagen instead of in Iceland.

What was the attitude of the Icelanders to this "gradual introduction" of the monopoly trade?

The available evidence may look somewhat contradictory.
In 1576, the leading Icelanders protested against royal permission given to the Icelandic bishop at Hólar for buying and running an oceangoing ship for the purpose of carrying out foreign trade. Through the highest political institution of Iceland, Alþingi, they demanded the revocation of this permission which allowed one of their countrymen, for the sake of "his own greed", to take into his own hands "that trade which, since ancient times and still-to-day, has been in the hands of foreign merchants for the sake of your predecessors in Norway and in Denmark".[12]

Due to the wreckage of the bishop's ship during its first voyage, this threat to the status quo of the prevailing distribution of wealth and social status in the country was overcome.

In 1592, the leading Icelanders sent requests to the king asking that foreign merchants be allowed to sail to Iceland without specific royal passports for the journey and to sail into every harbour which they wanted to visit.[13]

These requests were against the prevailing policy in Copenhagen to increase restrictions in the Icelandic trade. They are mainly of interest because they show that the conservative leaders in Iceland, who had opposed that one of them should be allowed to be a tradesman, did not share the crown's policy that increased trade restrictions would benefit the country. Status quo should be sustained against all innovating encroachments.

4.2 Outline of the Monopoly Trade: 1620-1733

Except for a few isolated years there are no accounting books which have been preserved for the Copenhagen monopoly trade prior to the year 1733. Therefore, a detailed profit/cost analysis for the years preceding 1733 cannot be done. There are several references to the monopoly trade period, 1602-1733, in some parts of this work; especially certain specific features have been studied for the entire period. A chronological outline of the history is nevertheless needed.

1620-1662 the trade was in the hands of the "Iceland, Faroe and Northland Company" situated in Copenhagen. This was apparently the city's most important trade company during this period, and since its decline and indeed various preceding difficulties were apparently due to external factors (mainly war), it may be assumed that in normal years the company must have been profitable. In all circumstances, the company created the socio-economic basis of the Copenhagen burgher class during the period.

For the period 1595-1660, there were usually four mayors at a time in Copenhagen, and altogether there were 18 mayors (borgmestere) during this

period. 15 out of these 18 had made their living from participation in the trade companies.[14] 14 had participated in the Iceland trade,[15] 4 in the Faroese trade, 4 in the North Norwegian trade, 2 in the Norwegian grain trade, 3 in the Baltic trade and one in the East India trade.[16]

The leader of the Copenhagen burghers in 1660, the mayor Hans Nansen, had made his fortune in the Iceland trade. When the citizens of Copenhagen decided to support King Frederick III in his political revolution the same year, the decision was taken at the burghers´ regular meeting place, the house of the Iceland Company.

The trade company collapsed during the 1650s as, indeed, all Danish trade did at that time. This was of course due to the war between Denmark and Sweden. At once, foreign merchants stepped in and replaced the Copenhagen merchants which created difficulties for the Danish crown in reestablishing the Copenhagen monopoly trade in Iceland after 1660.[17] One of the originally "illegal" interlopers in the Iceland trade from 1658-1661, had to be included in the group of merchants taking over the Iceland trade in 1662.[18]

The Iceland trade was taken over by groups of four merchants which might be characterized as the top of the mercantile hierarchy in Copenhagen at the time. Most of these merchants had helped the king in introducing his absolute rule in 1660. At the same time the crown decided to change and to increase its income from the Iceland trade through an increase of the trade rental.

In 1684, important changes were made in the Iceland trade. The origin of these changes was the desire of the crown to greatly increase its trade revenue. The trade rental was increased a great deal and the ports of trade were auctioned off to the highest bidder without regard to his general qualifications except for the demand that he should be a Copenhagen burgher. This was the beginning of the so-called "separate traders period"; each port was served by a separate merchant not neccessarily in any specific buisness agreement with any other merchant trading in Iceland. The name "separate trade" was used in contrast to "company trade".

In 1684 it was also decided to introduce a new trade price list which increased the prices of imports in relation to the prices of exports; in other words the Icelanders´ terms of trade were made worse through purely administrative measures. (The actual terms of trade abroad of the same exports/imports apparently improved during this period as may be seen in Diagram 3.1).

The possible competitive effects of the "separate trade system" were removed by tying each customer to a specific port of trade. If for instance a person earning his living in one trade district sold these earnings to a merchant in another trade district, he could be sentenced for this act to a life-long imprisonment. This was done regardless of such "mitigating" circumstances as the fact that the merchant in his home district actually had refused to buy the product which ended up as illegal merchandise. The merchant buying the illegal merchandise could only be fined according to the same law (in the trade charter of 1684).

As an example of the strict enforcement of the trade district division from 1684-1706, a specific complaint of some farmers in 1701 might be used. They had left their homes because of the shortage of food and had gone to distant fishing regions. These regions belonged to another fishing district than the one in which the farmers had lived. Consequently they had to sell all the fish they had caught to the merchant in the district where the fish were landed. They were not allowed to take their catches home to their

starving family.[19]

The conditions in the monopoly trade during this period were referred to in the 18th century as bad examples of trade by the proponents of the monopoly trade mainly to show how vastly the situation had improved. The director of trade from 1781-1787, Carl Pontoppidan, wrote in 1787 that there "was no doubt that during previous periods of the monopoly trade the Icelanders had been treated very badly". Especially the enforcement of the trade district division was mentioned in this connection.[20]

During the period 1684-1706 the total rental received by the Crown from the monopoly trade in Iceland increased with each further auction as may be seen in Chapter 10.2. It appears as if the Crown succeeded in taking over most of the profit from this trade.

This trade system was undoubtably one reason for the demographic crisis of the 1690s in Iceland.[21] Things obviously could not be allowed to continue in this way and when mitigations were introduced in 1703, the old price list existing prior to 1684 was by and large reintroduced, and continued to be the legal price list without significant changes until 1776! The severity of the punishments for illegal trade with other monopoly merchants were also very much reduced, with the result that in certain circumstances it could be profitable to trade in another district than was the customer´s administrative trade district, also when this act was discovered. It was this mitigated form of separate trade which a large section of the Icelandic officials advocated as the ideal trade form for Iceland in 1770/1771.[22]

The separate trade period ended in 1732, when company trade period was reintroduced. The reason for this change was the wish to strengthen the position of the Iceland merchants in foreign markets, especially in their relations to the Hamburg merchants. The new company was mainly composed of experienced Iceland merchants from the separate trade period. The tariff to be paid to the Crown was agreed upon in advance, while the new company was being founded. The company had taken over all the operations of the Iceland trade by 1733.

Notes to Chapter 4

1. Here, as in several other parts of their work, I follow and/or develop some of the basic ideas of Karl Polanyi concerning archaic trade patterns. In this particular context my reference is his article: "Evolution of the Market Pattern", published in Polanyi 1944. But any analytical history of Iceland´s foreign trade prior to 1763/1787 must look like a verification of several ideas put forward by Polanyi in 1944, whether the analyst has read Polanyi´s works or not.
2. According to the Free State legislation (Grágás 1 b, 72-73), specific leaders were to decide the price law (= lag) of imports, especially five commodities: grain, linen, timber, wax and tar.
3. Konrad Maurer emphasized this aspect as early as 1862, but this argumentation has been ignored by and large in Icelandic historiography.
   In Jónsbók, the lawbook introduced in Iceland in 1281, there was an article which in principle recognized the king´s authority to decide prices in Iceland´s foreign trade. Björn Þorsteinsson, in SAGA 1964, p. 43, has pointed this out.
4. This was in fact a promise to divide authority between the king and

the "leading Icelanders". But this devision was by no means clear and the king's authority simply became the product of his material resources in enforcing it.

5. Of particular interest in this context is the treaty between the Danish and the English kings in 1490, which gave the English merchants time-limited rights to trade in Iceland, as long as they respected Danish rule in the country. Diplomatarium Islandicum (= DI) 8, p. 76. Björn Þorsteinsson 1970, p. 252, Jón Jóhannesson, II, 1958, p. 170.
6. This happened at least twice during the 15th century: English boats were captured in the Sounds to assert Danish sovereignity in Iceland 1447 and 1468. Björn Þorsteinsson, 1970 p. 165, 215-216.
7. Lovsamling for Island (LI), 1, p. 138.
8. This assertation was frequently put forward during the 18th century by the apologists of the monopoly trade. See, for instance Carl Pontoppidan 1787, p. 287-288. In academic circles it was skilfully formulated by Jón Jónsson (Aðils) in 1897 and his formulation has later been introduced in various Danish history books. For instance Helge Gamroth & Ladvig Petersen: Danmarks historie, 2, Gyldendal 1980, p. 438. The authors quoted the work of Aðils 1919 and as a response to it a newspaper article by Astrid Friis: "Stockfisk og Rundetårn" (Politiken 12. juni 1961).
9. There have been various proponents arguing in favour of the "provisional security" of the monopoly trade, for instance the conservative Icelandic spokesmen in the trade dispute 1770/1771. This security may, however, have existed to some extent in the "meat harbours" of the North during some years.
10. LI, 1, p. 194-199.
11. LI 1, p. 175-176. Also Leif Ljungberg: Malmö och den danska monopolhandelen på Island 1601-1619. Malmö Fornminneförenings Årsskrift 1936
12. Alþingisbækur Íslands, vol. 1, p. 320-323. Þorvaldur Thoroddsen 1924, p. 75.
13. These requests are known through the crown's negative answer to them which has been published in Alþingisbækur Íslands, vol. 2, p. 359-360. see also Jón Aðils 1919, p. 60-62.
14. Oluf Nielsen vol. 3 1881, p. 195-221.
15. After 1660 the mayors usually came from the class of university educated royal officials. (O. Nielsen vol. 5, 1889, p. 124-129, 135-137, 358-367).
16. O. Nielsen, vol. 3, op. cit.
17. See note 14 to Chapter 5.2.
18. Ibid.
19. Rtk. A. 29.08.1701.
20. Pontoppidan 1787, p. 6-7.
21. See Chapter 2.2.
22. See Appendix to Chapter 8.

5 COPENHAGEN, GLÜCKSTADT, HAMBURG AND THE ICELANDIC EXPORTS OF FISH AND MEAT

5.1. Ports of trade: 1602-1787

The monopoly merchants carried out their trade in specific places, herein referred to as ports of trade. These changed very little during the period (1602-1787); they varied in number from 22 to 25. The general idea was that each port of trade should be served by one boat and one merchant who either carried out the trade for his own account or, as was more usual, was the representative of a Copenhagen merchant house or a trading company.

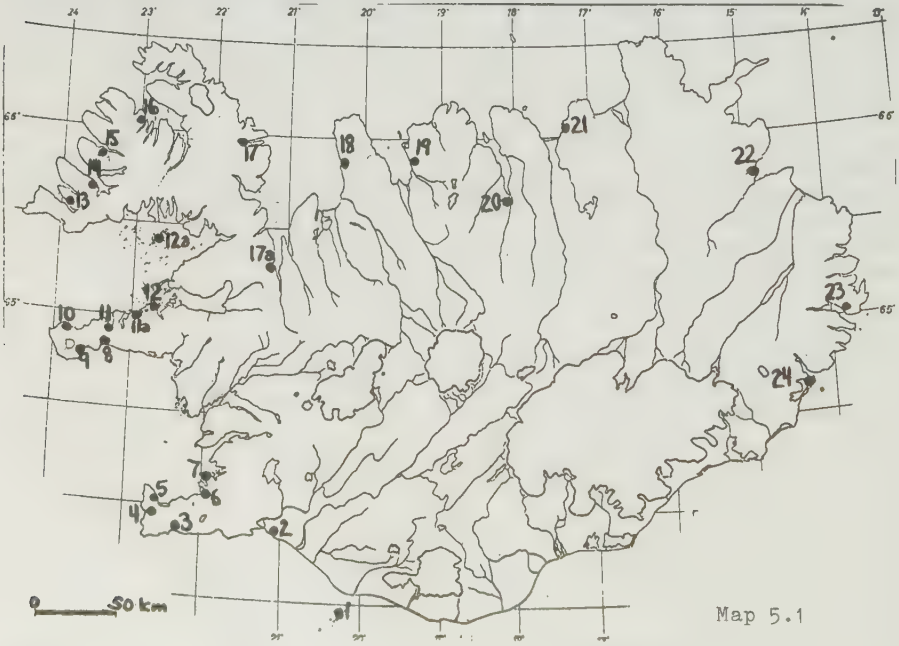
In Table 5.1 we can see the different ports of trade during the monopoly trade period (1602-1787), the duration of each port of trade and the number of boats serving the ports.

In Table 5.2, which is a summary of Table 5.1, we can see the number of the ports of trade during different periods of the monopoly trade era and an estimation of the total number of boats normally sailing to Iceland.

On Map 5.1, we can see where the different ports of trade were situated in Iceland.

Ports no. 1, 3, 4, 5, 6, 9, 10, 11 (and 11a) with the adjoining trading districts have for present purposes been defined as the 8 fishing settlements.

When the number of Icelandic trade merchants approximated the number of ports of trade, each operating independantly as was the case during much of the separate traders' period 1684-1733, it was natural that the number of boats was more or less equal to the number of trade ports while the size of the boats naturally differed. In 1706 the number of participants in the Iceland trade was 26 which was slightly higher than the number of ports of trade.[1]



Map 5.1

Trade ports 1602-1787. As for explanation, see Table 5.1

TABLE 5.1

Ports of Trade During the Monopoly Trade Period (1602-1787) and the Number of Boats Serving Each Port. (see Map 5.1)

No	Port of trade	Duration	Number of boats serving
1.	Vestmannaeyjar	All the time	1 boat
2.	Eyrarbakki	All the time	2 boats, at least after 1742
3.	Grindavík	1602-40, 1664-1787	1 boat, after 1664 usually in combination with no. 4
4.	Bátsendi	1640-1787	1 boat, usually with no. 3
5.	Keflavík	All the time	1 boat, sometimes a big one together with no. 6
6.	Hafnarfjörður	All the time	1 boat, sometimes a big one together with no. 5.
7.	Hólmur	All the time	1 boat
8.	Búðir	1602-1641, 1662-1787	1 boat
9.	Stapi	All the time	1 boat
			tion with no 11 (and no 11a).
11.	Grundarfjörður	All the time	1 boat, see no 10.
11a.	Kumbaravogur	At least till 1614, later subordinated to no 11.	1 boat at least till 1614, thereafter with no 11.
12.	Stykkishólmur	All the time	1 boat
12a.	Flatey	1777-1787	1 boat?
13.	Patreksfjörður	All the time	1 boat always in combination with nr 14
14.	Bíldudalur	All the time	1 boat, see no 13
15.	Dýrafjörður	All the time	1 boat, frequently in combination with no. 16
16.	Ísafjörður	All the time	1 boat, see no 15.
17.	Reykjafjörður	All the time	1 boat, always in combination with no 18.
17a.	Hrútafjörður	For some time after 1662	?
18.	Skagaströnd	All the time	See no 17.
19.	Hofsós	All the time	1 boat
20.	Akureyri	All the time	1 boat
21.	Húsavík	1614-1787	1 boat
22.	Vopnafjörður	All the time	1 boat
23.	Reyðarfjörður	All the time	1 boat
24.	Berufjörður	All the time	1 boat

Sources: Lovsamling for Island, vol. 1, p. 142, 176, 412-413, 481, 637-638, Vol. 2, p. 24-25, 43-44, 115-116. Deliberations og Subskriptionsprotokol, Det Kgl. Oktrojerede Islandske Kompagni, 1742-1757, fol register 140, Rigsarkivet, Köbenhavn (Islandske Handelskompagnier...). Skúli Magnússon: Forsøg til en kort Beskrivelse av Island (1786), p. 63, 67, 92. Jón Aðils: Einokunarverzlunin á Íslandi, 1919, p. 266, 274, 279-281.

TABLE 5.2

Number of Ports of Trade and an Estimated Number of Merchant Boats Sailing to Iceland during Different Periods of the Monopoly Trade Era

	Total number of: Ports of trade	Boats
1602-1613	23	19-22
1614-1619	24	19-23
1620-1635	23	18-22
1636-1657	22	17-21
1662-1663	24	20-22
1664-1706	24	20-22
1707-1732	24	22-23
1733-1743	24	20-23
1744-1758	24	20
1777-1787	25	20-21
Weighted average	23,7	20,7

Notes to Table 5.2

From 1658-1660 the Copenhagen monopoly trade did not operate due to war. The trade had not yet been reorganized in 1661 but that year twelve Danish boats left the Sounds for Iceland.
From 1759-1763 there was much irregularity in the voyages due to (mistaken) attempts to rationalize the trade.

As for sources, see Table 5.1.

During periods of company trade, it was natural that nearby trade ports were served by the same boat which then would be rather large.

Usually two boats served the port Eyrarbakki which was the center of Iceland´s largest trade districts, and where more than 20% of the Icelandic population lived. This was, however, an exception, because frequently two ports were served by one boat as we can see in the notes to the map of the ports of trade (Table 5.1). 1743-1758 ten ports of trade were usually served by five boats and consequently the number of boats in the Iceland trade was usually fewer by four than the number of trade ports.

It is obvious that it was more profitable to have fewer and larger boats when it was possible. But the boats were also used for storing goods and it was easier for the customer to have the boat in the proximity of his trading port. For the merchants it was difficult to spend much time in sailing to and from the different ports.

This meant that one boat could serve two ports of trade only if the geographical distance between the ports was not too great. It was, for instance, more expedient to have one large boat of 100 commerce lasts to serve the ports of Keflavík and Hafnarfjörður, but two boats were always needed, each 40-50 lasts for the two East Icelandic ports of Vopnafjörður and Berufjörður.[2]

5.2 Copenhagen Shipping and the Iceland Trade 1602-1787

Important information regarding the Iceland trade and in particular the shipping involved in that trade may be found in the records of the Sounds Toll.[3]

The Danish boats passing the Sounds were divided into two categories in the Toll records; those which paid the toll and those which did not.[4] The Icelandic trading ships belonged to the second category. In the printed material, the home registration, the port of departure and the port of distination of the boats passing was written down, as well as those not paying the Sounds Toll. This information regarding boats to the sounds from Iceland is very good for the years 1661-1783. For the years 1669-1783, there is information about the boats leaving the Sounds for the North Atlantic provinces, but there is no further specification regarding to which "province" the boat was going. On the other hand, there is information regarding the Danish boats sailing to Iceland (from Öresund) prior to 1660.

As will be mentioned in Chapter 5.3, Hamburg controlled most of the Icelandic trade prior to 1602/1603. The average annual number of boats sailing from Hamburg to Iceland from 1581 to 1602 was 17.[5] The largest boats bound for Iceland had crews of 40-60.[6] Some Hamburg boats continued to sail to Iceland after the introduction of the monopoly trade and indeed the number of boats returning from Iceland to Hamburg after 1602 was similar to what had been prior to that date.[7] But, as was the case of the Copenhagen boats later on, there were more Hamburg boats sailing directly to Iceland than directly from Iceland to Hamburg because several Hamburg boats brought the Icelandic exports directly to the buyers outside the city.[8]

According to one source the Iceland Trade Company used 19 boats in 1638.[9] According to the Sounds Toll records there were on the average 7,2 Danish boats sailing to Iceland each year from 1602-1631. After 1634, the number of Danish boats bound for Iceland increased, probably as a consequence of a royal decree issued that year, ordering the Iceland Trade Company to use only company owned ships. The time limit given to the company for the acquisition of its own fleet was five years.[10]

From 1635 to 1638, the annual average number of Danish boats bound for Iceland was 10, and for the period from 1639-1657, it was 12,8. If we do not include the year 1648, when only one Danish boat was sailing to Iceland, the annual average was 13,5. For one year, 1656, there were 20 Danish boats sailing to Iceland, for another, 1652, the number was 18. But apart from these years, it is obvious that the Company had to use 5-6 non-Danish boats in the Icelandic trade for most of the years from 1639-1657, as indeed the Company´s successors did after 1660. Perhaps these boats were mainly Dutch as was the case after 1660.

There is some 18th century information regarding the size of the boats used in the Iceland trade. From 1743 to 1759, the annual average of this fleet´s size was roughly 1500 commercial lasts.[11] In 1721, the size was 1596 commercial lasts.[12]
It is possible that the boats used during the 17th century were smaller than those used during the 18th century, but with respect to the information quoted above regarding the Hamburg boats in the Iceland trade, and considering that the volume of the Iceland trade was not much less

TABLE 5.3

Danish boats passing through Öresund, bound for ports outside Denmark and Schlesvig - Holstein 1669-1783. In per cent.

	Norway	North Atlantic	Sweden & Baltic	Neather-lands	Iberian peninsula Mediter-anean.	England France Remaining Europe	West Indies Africa Asia	Total	Total no. of boats
1669-1680	24,2	32,7	24,7	5,1	2,0	10,8	0,5	100,0	831
1681-1690	31,3	29,4	14,7	7,5	4,3	12,6	0,3	100,1	1014
1691-1700	24,7	15,0	15,7	23,3	3,8	16,1	1,4	100,0	1707
1701-1710	37,1	19,7	17,3	6,0	2,2	15,4	2,4	100,1	1468
1711-1720	17,4	55,5	10,0	2,7	0,6	12,1	1,7	100,0	339
1721-1730	18,2	26,5	20,3	12,1	0,4	19,8	2,7	100,0	1052
1731-1740	26,6	19,1	14,6	14,9	0,6	20,9	3,3	100,0	1352
1741-1750	29,1	10,8	17,5	11,2	7,0	20,5	3,8	99,9	2368
1751-1760	32,1	10,0	16,7	9,0	14,4	12,5	5,2	99,9	3013
1761-1770	42,7	9,8	13,5	4,7	14,2	6,4	8,7	100,0	3400
1771-1783	23,7	13,7	14,8	8,3	18,1	8,1	13,3	100,0	5613

Source: Nina Ellinger Bang og Knud Korst: Tabeller over Skibsfart og varetransport gennom Øresund 1661-1783, 1. Tabeller over Skibsfarten, 1930 p. 128-

TABLE 5.4

Boats from Iceland to Öresund, arranged according to home town registration: 1661-1783

	Neather-lands	Imperial Germany. Sweden	Norway	Denmark	Total
1661-1670	23	14	2	95	134
1671-1680	6	5		157	168
1681-1690	1		4	197	202
1691-1700			2	174	176
1701-1710			2	175	177
1711-1720			3	153	156
1721-1730		1	2	180	183
1731-1740			1	168	169
1741-1750			2	148	150
1751-1760				138	138
1761-1770				158	158
1771-1780				266	266
1781-1783				120	120

Source: Nina Ellinger Bang og Knud Korst: Tabeller over Skibsfart och Varetransport gennom Öresund 1661-1783. 1. Tabeller over Skibsfarten.

TABLE 5.5

Boats from the North Atlantic to Öresund and vice-versa

Boats from Iceland, the Faroese Islands and Greenland to Oresund, as per cent of boats from the North Atlantic to Öresund.

1671-1783

	"North Atlantic" boats			Boats from North Atlantic to Öresund in % from		
	to Öresund	from Öresund	Difference[1]	Iceland,	Faroes,	Whaleries and Greenland
1671-1680	190	275	85	89	3	8
1681-1690	259	312	53	78	4	18
1691-1700	214	271	57	82	9	9
1701-1710	229	290	61	77	14	9
1711-1720	172	194	22	91	8	1
1721-1730	216	285	69	85	12	3
1731-1740	209	262	53	81	17	2
1741-1750	194	257	63	77	19	4
1751-1760	247	301	54	56	16	28
1761-1770	252	334	82	63	16	21
1771-1780	493	568	75	54	12	34
1781-1783	174	199	25	69	8	23

1. The "difference" shows the number of boats sailing from the Sounds region (mainly Copenhagen) to the North Atlantic, which sailed from the North Atlantic to European ports of trade outside the Sounds region.

Source: See Table 5.4

TABLE 5.6

Boats from Iceland to Öresund, the annual average of each decade and different trade periods, with standard deviations: 1661-1780

	$\bar{x}$	s_x
1661-1670	13,4	4,1
1671-1680	16,9	5,7
1681-1690	20,2	2,9
1691-1700	17,6	1,4
1701-1710	17,7	7,2
1711-1720	16,6	4,6
1721-1730	18,3	3,2
1731-1740	16,8	3,3
1741-1750	14,9	1,7
1751-1760	13,8	2,2
1761-1770	15,8	2,4
1771-1780	26,6	8,8
1701-1732	17,9	5,2
1733-1742	15,0	1,3
1743-1758	14,7	1,6
1764-1773	17,0	3,4

Source: See Table 5.4

TABLE 5.7

Danish and Non-Danish boats sailing between the North-Atlantic provinces and the Öresund region in the year 1670

	Home-registration		
	Danish	Non-Danish	Total
From Iceland to Öresund	12	7	19
From Greenland and Faroes to Öresund	1	2	3
Total from N-Atlantic to Öresund	13	9	22
From Öresund to N-Atlantic[1]	13	16	29
Difference[2]	0	7	7

1. As is related elsewhere, there is no specification in the available sources regarding to which North Atlantic provinces the boats were sailing. There is only information on from which North Atlantic provinces they sailed.

2. The number of boats leaving the Öresund region but returning from the North Atlantic to other places.
Source: See Table 5.4

during the 17th century than the following century, it is unlikely that this difference in size was significant.

In 1635, the total size of Copenhagen's merchant fleet was 2370 commercial lasts and 2600 in 1678. Several boats were smaller than the ones which be used in the Iceland trade.[13]

The total size of the Copenhagen merchant fleet fluctuated a great deal. There was a gradual increase during times of peace, frequently followed by a dramatic decrease during times of war. The Great Nordic War was the last 18th century catastrophe for Danish shipping and commerce. In 1718, Copenhagen's merchant fleet was down to 2252 commercial lasts.[14]

According to one authority the only existing foreign trade in Denmark in 1719 was the Iceland trade and the Jutish oxen trade.[15]

Thus, it is obvious that during much, if not most, of the 17th century, and during the early decades of the 18th century, Copenhagen shipping had great difficulties in providing the boats needed for the Iceland trade. The Icelandic trade provided security for the Copenhagen overseas merchant fleet. From 1602 to 1787, the trade voyages from Copenhagen to Iceland never stopped except for the years 1658-1660[16] (and perhaps in 1648 as well).

From 1676 to 1679 there were each year on the average only 21 Danish boats leaving Oresund and sailing to countries or provinces outside Denmark. 14 of these sailed to the North Atlantic provinces, 5 to Norway. From 1711 to 1719, during the Great Nordic war, the number leaving Oresund each year was 31; 19 were bound for the North Atlantic and 5 for Norway. But as we can see in Table 5.5, most of the boats sailing to the North Atlantic were bound for Iceland.

In Table 5.3 we can observe to which countries the Danish ships passing Oresund were sailing for the years from 1669-1783. (Danish Provinces not included). The decadal average are presented. The important role of the Iceland trade for Copenhagen shipping, especially prior to 1730/1750, is clearly indicated in the table.

As we can see in Table 5.4, 71% of the boats from Iceland to Öresund from 1661-1670 were Danish, 17% were Dutch and 10,5% were from other foreign countries, mainly North German towns. At least five boats were then sailing each year directly from Iceland to ports outside Denmark, mainly Glückstadt, and it is a fair guess that these boats were usually not Danish. This means that not less than c. 50% of the boats then used in the Iceland Trade were registered outside Denmark.

According to one source, the Iceland trade merchants, prior to 1677, had used a large number of Dutch boats. These boats generally sailed directly from Iceland to the Netherlands[17] and are thus not included in the statistics in Table 5.4.

Taking the year 1670 as an example, we can see in Table 5.7 that the same number of Danish boats left the Öresund region for the North-Atlantic provinces as returned from there to Öresund that year. On the other hand, 7 out of 16 non-Danish boats which left Öresund for the North-Atlantic did not come back to Öresund.

Indeed, in 1670 the crown complained that "most of the boats" used in

the Icelandic trade were owned by foreigners and a decree was issued that for the next year, and the years thereafter, only boats from Denmark and Norway should be used in this trade.[18]

But there were obviously great difficulties in securing the neccessary number of boats for the Iceland trade in the Danish-Norwegian realm and consequently decrees were issued in 1671 and 1674 allowing the merchants to use boats from Schleswig and Holstein. In specific royal decrees of 1677, 1683 and 1692, permission was granted that some foreign boats might be used in the Iceland trade.[19]

As we can see in Table 5.4, there was a great increase in the number of Danish boats in the Icelandic trade 1671-1680, both relatively and absolutely. 93,5% of the boats coming from Iceland to Öresund were then Danish. After 1680 it happened only twice that a non-Danish boat passed from Iceland to Öresund. These were a Dutch boat, in 1685, and a Lübeck boat in 1729. As for the boats leaving the Öresund region for the North Atlantic, there was, however, a significant number of Dutch boats, 20 altogether, 1677-1679. This was during the second phase of the Scania War when Danish overseas shipping had diminished drastically and the Dutch came to the aid of the Danes. These Dutch boats undoubtedly sailed directly from the North Atlantic Islands either to the Netherlands or to Glückstadt.

A total of six Dutch boats left the Öresund region bound for the North Atlantic 1680-1689. Thereafter, all use of Dutch boats and indeed other foreign boats stopped in the North Atlantic trade except for the single Lübeck boat of 1729. Apart from the Danish boats only Norwegian boats were used, but these usually did not enter the Oresund region. The single boat, loaded with timber, leaving Norway for Iceland each year, was probably registered in Norway, but we do not know much about it since it did not enter the Sounds Toll registers.

Apart from the Norwegian timber boat, all boats bound for Iceland were to start their voyage in Copenhagen also when the intention was to return to Glückstadt or foreign ports.

From the records of the Chandlers Guild Iceland Company from 1743-1759, we can find the number of boats along with information regarding their size and rental price. This information is complete for only five years, 1743, 1744, 1750, 1751 and 1752,[20] but it is permissable to use these years as a proxy variable for the whole period.[21]

The annual average number of boats bound for Iceland during these five years was 20,2. The annual average commercial lasts[22] for the whole fleet was 1503, the average boat was thus 74,4 commercial lasts.

This number harmonizes well with the records of the Sounds Toll. As we can see in Table 5.6, the annual average of boats arriving in Oresund from Iceland was 14,7 for the period 1743-1758, but five boats sailed regularily from Iceland to Glückstadt; thus the result 14,7 + 5,0 = 19,7.

For the period 1743 to 1759, the size of the boats varied greatly in relation to the importance of the different ports of trade. The smallest boat on record was 31 commercial lasts, the largest one was 126.

In Tables 5.4, 5.5 and 5.6, we can see the number of boats involved in the Iceland trade for the years 1661/1671-1783. To the number of boats from

Iceland to Öresund at least five boats going to Glückstadt may be added for most of the period if we want to find out the total number of boats involved in the Iceland trade each year.

It is of special interest to note in Table 5.6 that the highest standard deviation from the calculated average was reached during periods of war and the lowest standard deviation when there was peace and the trade was organized by companies, not individual merchants.

Also, we can see that company organization of the trade involved a fewer number of boats in the trade than was the case when it was organized by individual merchants.

It was not only for the period 1743-1758 that the Sounds Toll records harmonize well with other available sources. The increase in the number of boats in 1771 is in accordance with the information provided by the merchant account books concerning the termination in the use of Glückstadt as a staple town for Icelandic exports for 1770/1771.[23] The increase in 1777/1778 on the other hand, is solely due to the efforts by the crown in sending decked vessels for use in fishing in Iceland.

The relative increase in boats returning to the Sounds from the North Atlantic during the period 1711-1720 reflects the demands of the crown that due to the war the Icelandic products should not be exported but brought to Copenhagen to secure the provisional situation of the town. (See Table 5.5).

5.3 The Role of Glückstadt and Hamburg in the Monopoly Trade of Iceland

The introduction of the Danish trade monopoly in 1602 was to a large extent a measure directed against the Hamburg merchants organized in the Iceland Guild. They tried to bypass the probibition of their trade in Iceland by using merchants in the Danish-Norwegian kingdom as puppets. This effort was made easier by the fact that the new Iceland merchants had neither the boats neccessary for the voyages nor the trade connections needed for selling their products in Germany. The Hamburg merchants had both boats and the proper trade contacts.

As has been discussed here above in Chapter 5.2, during the 17th century, the Copenhagen merchants continued to have difficulties in providing boats for the Iceland trade, and the Crown issued several orders limiting the use of foreign boats in this trade.

It was more difficult to establish Danish trade instead of Hamburg trade in Central Germany than it was to prohibit the use of Hamburg boats. But some attempts were made, probably due to a very large extent to Dutch influence. It has been suggested that the "nationalist" mercantalism of Christian IV of Denmark was indeed partly the result of Dutch foreign policy, but they wanted to get rid of their competitors in Denmark-Norway and indeed in North Germany as well.[24]

In 1620, the Danish crown prohibited the export of all Icelandic products to Hamburg.[25] The same year certain trade privileges were given to the recently founded town of Glückstadt and no attempt was made to hide the fact that the intention was to disrupt the Hamburg trade.[26] In 1623 it was decided that the recently founded town of Glückstadt should become "Icelandic staple and the receiver of all Icelandic goods".[27] Nevertheless, several boats continued to bring exports from Iceland directly to Copenhagen and all imports to Iceland were to go via Copenhagen. For instance, in 1625, twelve Icelandic trade boats returned to Copenhagen but

only nine to Glückstadt.[28] In 1655, most of the boats went directly to Copenhagen.[29] From 1743 to 1759, products from seven Icelandic ports of trade were brought to Glückstadt in five boats, but the total number of boats was 20.[30] Probably "only" profitable fish products were brought directly to Glückstadt.

The hope of the Danish monarch in 1620-1623 was the development of a merchant class in Glückstadt which, in close cooperation with the merchants of Copenhagen, would take over the role of Hamburg in the German trade.[31] But Glückstadt was only a small town with no merchant class of any importance and the Iceland Trade Company and its representatives in the town soon found out that it was more profitable to sell the Icelandic exports directly to Hamburg rather than having them stored for a long time in Glückstadt without a certainity of future sale.

According to one authority, it was the famous Danish merchant Hans Nansen, who, as the Iceland Company´s representative in Glückstadt 1627-1639, laid the foundation for the good future cooperation between the company and the Hamburg merchants.[32] This annoyed both the Dutch and the King. In 1636 the Iceland Company was prohibited from using the Elbe for transshipment. All commodities were first to be stored in Glückstadt.[33] New royal orders regarding the use of Glückstadt and the prohibition of direct trade with Hamburg were issued in 1645 and 1646. In 1647 the order was given that all Icelandic export should be stored in Glückstadt for at least 14 days, whereafter these could be sold to any country.[34]

Of interest in this context is the fact that very soon after the introduction of the trade monopoly and the expulsion of the Hamburg merchants from Iceland, the new monopoly merchants and the old "Iceland merchants" of Hamburg reached an alliance to the mutual commercial benefit of both. The place linking the two communities was the town which originally had been founded as an attempt to destroy the commercial position of Hamburg. The person most responsible for creating this link was the leader of the Copenhagen burghers at a point in time when their political importance was great.

The Hamburg position as an independant imperial city was secured through the Westphalia treaty of 1648.

In the trade charter of 1662, it was stipulated that all export from Iceland to the Elbe region, consisting of fish and meat products, should be stored in Glückstadt.[35] But due to war and the accompanying difficulties in providing neccessities for the inhabitants of Copenhagen, there were several orders issued that Icelandic food products should be brought to Copenhagen. This occured in 1678[36] and again in 1691, 1700, 1709, 1711 and 1716.[37] A new royal order in 1682 modified significantly the Glückstadt stipulation of 1662. It was now stated that Icelandic products should go to foreign countries except when these were needed in Denmark. The exports going to the Elbe region should be stored in Glückstadt, but now the minimal time for storage in the town was five days instead of the fourteen days of 1647.[38]

In the subsequent trade charters of 1648, 1706, 1721, 1733, 1742 and 1763[39], there were no new stipulations regarding the voyages to Glückstadt or to the Elbe region or about the storage of goods in Glückstadt. In the trade charters of 1684-1733, there was always an article forbidding the Iceland trade merchants to be the puppets of merchant houses in the towns of Imperial Germany, of which Hamburg was always mentioned first.

During the separate traders period, or in 1713, some Iceland merchants sailing to Glückstadt agreed that they should cooperate in the price nego-

tiations with the Hamburg merchants in order to get a higher price for their platfisk. Again in 1729, a similar attempt was made.[40] In both cases the Hamburg merchants apparently got what they wanted and one reason for the abolition of the separate traders system and its replacement by company trade in 1732/1733 was the need to strenghten the bargaining position of the Danish merchants vis-á-vis the Hamburg merchants.[41] Immediately after the foundation of the company a new sales contract was made with the Hamburg merchant Hans Panden Printz.[42,43]

In the biographical notes of Jacob Hinrich Hudtwalcker (1710-1781), which were written by his son, the Hamburg merchant and senator Johann Michael Hudtwalcker (1747-1818), certain interesting information may be found regarding the trade of Icelandic fish in Hamburg during the early and middle 18th century. The father, Hudtwalcker senior, served a fish merchant from 1727 to 1743, and when he started his own business in 1743 he traded in fish products.[44]

The most important fish products in 18th century Hamburg were herring and dried fish (=getrockneten Fischen). Herring was bought from the Dutch, the English, the Scots and the Norwegians. The Hamburg merchants provided most of the German hinterland with herring with the exception of the Rhine region (which was served by the Dutch).[45]

According to Hudtwalcker the consumers of dried fish were the inhabitants of "Catholic Germany and Hungary and the Catholic inhabitants of Protestant countries. For six weeks of the year and on Fridays they fasted." According to Hudtwalcker the origin of the word "fast" was "fisch essen" and consequently the Catholics, due to their great "superstition", only consumed fish during the fast.[46] This created a great demand for dried fish. "Hamburg met this demand in part with fish from Bergen and Trontheim in Norway; however, mainly by providing the fish which the monks and the priests liked most of all which was the Icelandic Flachfische." [47]

As the trade with Iceland during this time was in the hands of monopoly trade companies in Copenhagen, Hamburg merchant houses made long term contracts with the Copenhagen companies which stipulated that all available Flachfische from Iceland should be sold to the Hamburg merchants.[48]

The Hamburg merchant houses involved in this trade were Persent, Printz and Mumssen. "The profit they made from this fish trade was very great".[49]

According to the account books of the monopoly companies of the Iceland trade for the years 1733-1758,[50] the Hamburg merchant houses which made contracts with and received fish from the trade companies included the following:

1733:	Hans Panden Printz[51]
1743-1746:	Jacob Mumssen & Intressenter
1747-1750:	Niculaus Persent & Intressenter
1751-1758:	Bernhard & Hermann Printz[52]

According to the cash journal of the Iceland trade company from 1743 to 1759, there was close cooperation between these merchant houses.[53] At any rate, the purchase of Icelandic fish was a joint enterprise during the 1750s. There are good records of one of these merchants, Jacob Mumssen.[54] He was born in 1688 and died in 1747, which explains the contract change to the Persent merchant house that year. Jacob Mumssen was a member of the ancient Schonenfahrer-Gesellschaft (The Scania Merchants' Society), which apparently had taken over all fish trade between Hamburg and the Nordic countries after the eclipse of both the Islandfahrer-Gesellschaft and the Bergenfahrer-Gesellschaft during the 17th century (as a consequence of the mercantilist policy of the Danish-Norwegian government).[55]

Considering the very close cooperation between the merchant houses Mumssen, Printz and Persent it may be assumed with some certainity that also Printz and Persent were members of the Schonenfahrer-Gesellschaft.

In Table 7.3 we can see that during the period 1743-1759, c:a 25% of the total value of Icelandic exports went through Glückstadt. Exactly 24,7% of the sales´ value of all Icelandic exports during this period was sold to the Hamburg merchant houses. This was almost two thirds of all fish export and this was the most profitable export. During the years of great hunger in Iceland, 1756-1758, the relative share both of the Glückstadt store and the Hamburg merchant houses in the total exports from Iceland increased, although it decreased in absolute terms.

The end of the Glückstadt store and of the sales of Icelandic products directly to the Hamburg merchant houses is discussed in Chapters 7.2 and 8.2.

Appendix to Chapter 5.3

"Hamburg´s offer to take over Iceland"
(or The Iceland trade in the context of the Elbe Toll).

During the Thirty Years War the German Emperor was the de facto military protector of Hamburg. In 1628, the Danish king introduced the so-called Elbe Toll which was collected in the Crown´s naval base in Glückstadt and created great difficulties for Hamburg. The Danish position to collect the money varied with the military and political events during the following years and in 1645 the "Glückstadter Elbzoll" was abolished for all practical purposes.[56]

In 1640, the Danish king offered to abolish the Elbe Toll if the Hamburg citizens would pay him 200 000 rixdollars.[57]

In the spring of 1643, the Danish king blockaded Hamburg and in the subsequent negotiations between the Danish crown and Hamburg in Itzehoe in Holstein, the representatives of Hamburg put forward their demands: First of all the abolition of the Elbe Toll; further, Hamburg merchants should be exempted from paying the Sounds Toll and that they should be allowed to trade freely in Iceland and the Faroese Islands.[58]

The Swedish invasion into -and occupation of- Holstein and Jutland in September 1643, made further negotiations unneccessary. The Hamburg merchants continued in the future to pay the Sounds Toll and to be excluded from direct trade to Iceland, and they did not pay a large sum of money to the Danish king.

In Icelandic historiography, the tendency has been to forget the fact that the Hamburg merchants´ suggestion regarding the Iceland trade can only be understood in the context of the dispute of the Elbe Toll.[59]

5.4 The Production and Export of Icelandic Dried Cod

Prior to 1800, only codfish was cured for export from Iceland. The product can be divided into three distinct categories with respect to the curing methods: 1. dried fish, 2. dry-salted fish, 3. barrel-salted fish.[60]

The codfish cured according to the two first categories was sold by weight, the barrel-salted fish was sold by barrels, each barrel, of course, having a legal weight.

As the name indicates dried fish was only cured through drying without the use of any salt. This cure method demanded specific conditions of cool and windy weather. Frequent rain was harmful, but occasional rain caused no damage. Frost prevented drying and largely destroyed the raw material. Warm weather increased the danger of putrefaction. The method was thus a very hazardous one and geographically and seasonally limited. It was suitable in Iceland´s south and west in late winter and early spring. It had the obvious benefit of not reguiring the use of expensive salt and the non-merchantable fish could be consumed at home (as was the case in Iceland)[61]

There were many subgroups of each category of cured cod. Of interest for Iceland are the subgroups of dried fish. The most important were: Platfisk ("Flachfische" in German, or "flatfish"), Hængefisk ("hanged fish"), Rodskier (in Dutch "Rodschaar", in German "Rotscher", meaning literally "rowsheared"), Rundfisk ("rounded fish").[62] The last type was never made for export in Iceland; the other three types were.

In Table 5.8 the relative exports of the different types is shown.

TABLE 5.8

The average export of Icelandic fish 1733-1746 as measured in metric tons divided between the different cure types, in per cent.

	1733-1742	1743-1746
The dried fish platfisk	75,6	77,1
Other dried fish	9,6	9,1
Klipfisk	7,5	8,0
Barrel-salted fish	7,3	5,8
Total	100,0	100,0

Sources: For the period 1733-1742 Lbs 86 fol. For the period 1743-1746 RA fol 140-10 and 12.
The insignificant export of salmon is not included in the fish exports.

As we can see in Table 5.8, platfisk was quite clearly the most important fish export from 1733-1746. Valuewise, the percentage for platfisk was higher, as it was quite definately the most expensive fish exported from Iceland.[63]

The method for curing platfisk was very labour-intensive. As soon as the cod had been brought ashore it was gutted, and the head chopped off.[64] The fish was then cut along the stomach and the backbone removed. It was of great importance not to split the fish and therefore a cut along the back was prohibited, even in specific royal decrees if the law stipulated price should be kept.[65]

Thereafter the cod was preserved in heaps of 4-6 layers till Eastern, wherefrom it was put on specially made stone-hedges with the meatside turned up in dry weather, but down during nights and in wet weather until it became hard on the surface. "Thereafter it was kept in small heaps so loose or ´untightly´ constructed that the wind can easily get through. These heaps must frequently be changed and reshaped. The cooler the wind

is, the better and earlier dries the cod; however, it usually does not become sufficiently dry and hard before the end of June. The more meaty it is, the more wind and better care it needs."[66]

In the words of Skúli Magnússon in 1785:

> This is the production of the so well-known and famous Gullbringe and Kiose-Syssels Haardfisk, Plat- (or) StokFisk, both the big one, middle or small one. No ´Hængefisk´ (´hanged fish´) or Rodskier is produced there. The well-arranged (stone) fish-hedges (of these districts) contribute highly to the good production of this fish product which for more than 200 years has carried the highest possible price in European markets.[67]

Hængefisk was first cured in a similar way as platfisk but instead of the exact stonehedge curing, two fishes were tied together and the pair hung on a timber row; no turning of the fish was needed.[68] "Rowsheared" cod (Rodskier) was, as the name indicates, split apart from the tail and hung up on a timber row for drying.[69] These methods were obviously less labour-intensive than the curing of platfisk and it is not surprising to find the use of these methods in the West-central district of Iceland where the fishing season started later than in the platfisk-curing Southwest.[70]

Dry-salted fish, so-called klipfisk, was produced on a much less scale than dried fish during the 18th century in Iceland. A major reason for this was the high transportation cost of salt.

In the royal price list of 1776, the price of klipfisk paid to the Icelanders was the same as the price of platfisk, i.e. 690 sk per skippund.[71] Royal decrees prior to 1776 also stipulated the price of 1 skippund klipfisk to be the same as 1 skippund platfisk.[72] The salt used was to be French or of a similar quality and the "Terreneuf method" was to be used, - a high quality production. It was also stipulated that the raw material for klipfisk should be the fish caught after the winter season; all fish caught prior to the summer should become dried fish. - It is very evident that the merchants preferred the high quality dried fish to the high quality salted fish. The problem is discussed at length in a royal resolution of April 18th, 1758. "Salted fish is in general trade not as merchantable as dried fish."[73]

The making of barrel-salted fish was usually in the hands of the merchants. They bought fresh fish during summer and had the cod cured in the proper way.

A valid fish was a dried one (platfisk) weighing 2 skålpund (1 kg). If it weighed less, more fishes were put into the standard Icelandic weight until vætt which theoretically should include 40 fishes (and absolutely weigh 40 kg).[74] The production of platfisk obviously decreased the weight of the original cod.

According to Skúli Magnússon, in 1785, 80 pounds of cod produced 10 pounds platfisk.[75]

According to Icelandic estimations in 1964, high quality stockfish should weigh 13% of the raw material from which it was produced. There seems to be some continuity in the production process![76]

The Mediterranean cod markets were primarily served by the English, the French and the Dutch, whose products to a very large extent came from North America.[77] The fish markets of Germany, Hungary and the Baltic countries were primarily in the hands of merchants from Amsterdam and Hamburg. Most of the Hamburg fish came from Norway, but the high quality and the most expensive fish came from Iceland.[78]

Most of the platfisk was sold via Hamburg to Catholic Central Europe. It

served a specific group of customers according to Hamburg Senator Hudtwalcker, 1795.[79]

The specific conditions of the Icelandic platfisk (=flachfisch) both regarding quality and the market area should serve as a caution in comparing, for instance, the cured cod exports of the French or the English from North America with the Icelandic platfisk exports. These were high quality products, exported only in relatively small quantities to specific geographical areas and were hardly in competition with other products. The Icelandic platfisk price was therefore rather stable.[80]

Besides the specific qualities, and the marketing conditions of the Icelandic flachfisch, another specific feature of the product was the small size of the exported quantity as we can see in Table 5.9. While the maximal fish export from Iceland during the 18th century was 1000-1500 metric tons annually, the fish exports from North America mostly to Europe during the same period were several tens of thousands of metric tons. To this may be added the very extensive Dutch and the Norwegian fish exports. The quantitative insignificance of the Icelandic flachfisch is closely related to the commodity's specific marketing character and quality.

Not infrequently, the Copenhagen monopoly merchants could not provide the Icelandic stockfish they had promised to sell their Hamburg customers. This, for instance, happened during the 1750s when there was a specific economic (demographic) crisis in Iceland. This could hardly have been beneficial for the marketing possibilities.[81]

The small size of the open boats led to a concentration of fishing in areas closest to the fishing banks. During a large part of the monopoly trade period, trade between the fishing areas and the farming areas was forbidden as the fish was reserved for the merchants. The fishing areas could not support much farming because of the barrenness of the land. In the long run this ban on trade between the two kinds of areas must have been harmful to both.

Table 5.9 presents a comparative study of fish export from North America and from Iceland from 1600 to 1800. It shows stagnation and decline, in Icelandic fish exports while those of North-America increased very much. Newfoundland fish exports increased more than ten times from 1675 to 1789 (from 3162 metric tons to 39766 metric tons), while Icelandic fish exports were 1645 metric tons in 1655, 975 metric tons on the average annually from 1743 to 1746 and 1499 metric tons on the average annually from 1776 to 1783.

It may be pointed out that in Newfoundland, codfishery could only be sustained during the summer whereas it was possible during all seasons in Iceland.

The scattered data both from Iceland and North America may perhaps indicate that the Icelandic cod was relatively important on European markets during the 17th century with regard to quantity but this importance decreased very much during the 18th century. However, the specific market character of the Icelandic flachfisch limits the value of a quantitative study of its relative importance. The primary point of importance in this context is the need to emphasize the relative smallness of the specific Icelandic export market of fish and the fact that the Icelanders did not start the production of other types of fish products which would have led to competition with other producers.

TABLE 5.9

Cured exported cod, mainly dried or dry-salted from different North Atlantic communities, 17th and 18th centuries

New England			
1700	Boston	2540 metric tons	
1763	Massachusetts, merchant fish	5195 " "	
1763	Ibid, refuse fish	7000 " "	
1786-1790	annual average, the whole of New England	12733 " "	
1790-1798	Ibid	22273 " "	
Newfoundland			
1675	Exported by residents	3162 metric tons	)
1763	Ibid	8277 " "	)All kinds, but
1784	Ibid	25293 " "	)mostly dry-
1789	Ibid	39766 " "	)salted
1792	Ibid	22982 " "	)
Exports from French settlements in North America			
1707	Exported and cured	14224 metric tons	)
1769	Ibid	10924 " "	)Mostly salted
1774	Ibid	19620 " "	)in barrels
1786	Ibid	21661 " "	)("green fish")
1789	Ibid	12141 " "	)
1792	Ibid	4775 " "	)
Exports from Iceland, salted and dried codfish			
1624		1113 metric tons	
1630		503 " "	
1655		1645 " "	
1733-1742	Annual average	1011 " "	
1743-1746	Ibid	975 " "	
1759-1763	Ibid	677 " "	
1764-1773	Ibid	1388 " "	
1774-1783	Ibid	1499 " "	
1784		1489 " "	

Sources: Aðils, 1919, appendici 3, 4, 5, 6, for the period before 1743, Iceland. Skúli Magnússon 1786/1944, p. 108-111, for the period 1764-1783, Iceland. Excerpts from RA fol reg 140, no. 12, Iceland 1743-1746.
Lbs. 86 fol, Iceland 1759-1763.
Rtk. 41.13. Islands Journal 6, bilager 1782-1786, nr. 1093 (Iceland 1784).
For North America: H.A. Innis 1954.

Notes to Table 5.9

When transfering barrels of codfish to metric tons it has been assumed that the weight of the salt cod barrel from 1764-1783 is typical for the period (16Lp or 128 kg).

H.A. Innis gave miscellaneous information about exports of dry fish from North America (The New England-Newfoundland area) during the 17th and 18th

centuries. These seem mostly to have been collected from Colonial Office Papers (p.194). The author made no special attempts to categorize the information. The reader is told that quantity X was produced, quantity Y made, quantity A caught, quantity B cured, and finally, in a few instances, quantity C exported or brought to a certain distant country. But what we are interested in is the cured exported cod as this is the variable which we want to have for comparison.

The transformation of quintals to metric tons involved one problem: Did one quintal of dry fish consist of 100 or 112 English pounds (45,36 or 50,80 kg). The old English quintal consisted of 112 pounds avoirdupois; during the 18th century the quintal of 100 pounds avoirdupois began to appear. According to Cole (1938), Jamaican cod was measured in quintals of 112 pounds while dried cod for the United States market during the same period (1785-95) was measured in quintals of 100 pounds.

It is very likely that the fish exported to Spain was measured in quintals of 100 pounds as these were the quintals used in Spain. However, since we are considering development over a long perspective of time, including data prior to 1700, the choice has been made to use the older quintal, that of 112 pounds. Anyone prefering the quintal of 100 pounds can multiply the numbers given here by 0,8929.

For Iceland from 1774 to 1784, only fish sold by the Icelanders to the monopoly trade company is included. The catches of the decked vessels of the company were not included. These were 13% of the total exports in the year 1784.

5.5 THE EXPORT OF ICELANDIC SALTED LAMB

It was primarily fish and fish products which brought foreign merchants to Iceland which is clearly seen in the distribution of the ports of trade in the country[82].

But large regions in Iceland had very little fish to offer in return for imports. These were especially found in Iceland´s North and East. Hence meat and wool products became the most important exports of these regions.

In Table 3.2 which shows the relative shares of fish, meat and wool products in the total value of Icelandic products, both when these were bought in Iceland and when sold abroad, we can see that meat products were almost equal to fish products in importance 1733-1754/1755. In Table 10.3, we can see that meat products apparently brought substantial profits to the monopoly merchants; however, as the text adjoining Table 10.3 makes clear, the profits were probably less than indicated in the table. The basic reason for this profit was the extremely low price of the meat products when bought in Iceland which counterbalanced the fact that the sales price abroad was also very low. Icelandic mutton was shipped to Copenhagen where it was an important food for the sailors, the soldiers and the poor citizens.[83]

The merchants purchased the animals alive and the slaughtering and the curing process was entirely their responsibility. Compared to the market price of the sheep products abroad, they paid very little to the Icelanders for the animals. According to the prepatory notes of the price list of 1776, the Icelanders were paid only 36,1% of the official market value of each pound of meat abroad. This was indeed little, for instance compared to the price of platfisk where they were paid, according to the same notes, 57,5% of the market value abroad. The Icelanders, on the other hand, cured the platfisk themselves. For the stockings they were paid 73,2% of the

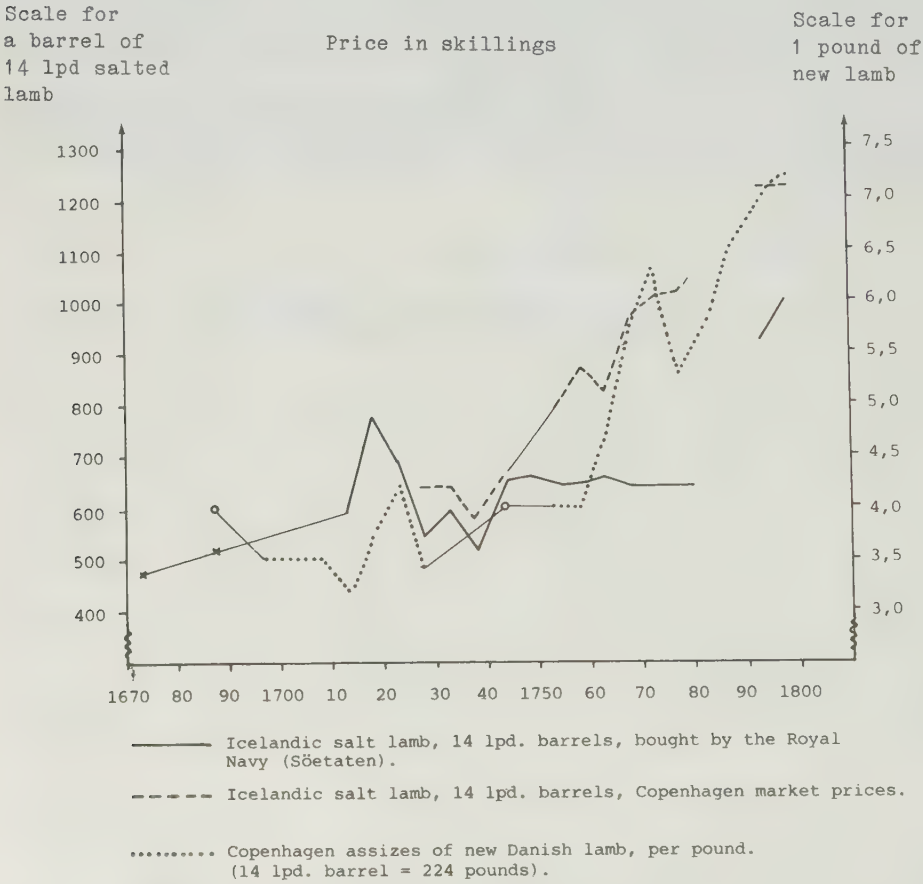
estimated price abroad.[84]

But unlike the platfisk and the wool stockings, the estimated price of Icelandic salted lamb was too low in the preparatory notes to the 1776 price list.[85] It was estimated at 640 skillings for the barrel which was the price paid by the Navy according to a stipulation in the trade charter of 1763.[86] But as we can see in Figure 5.2, the Copenhagen market price of Icelandic salted lamb after the 1750s was far higher than 640 skillings. The low price in the 1776 price list was at least to some extent an attempt

Diagram 5.2

The Price Development of Lamb in Copenhagen, both Salted Icelandic Lamb and new Danish Lamb, mainly during the 18th Century.

Five years´ averages.



Sources: Friis & Glamann: History of Prices in Denmark, vol. 1, Excerpts made by the Danish price projects from the records of Söetaten.

to persuade the Icelanders to stop selling meat to the merchants. The Icelanders complained about the low price although they, at the time, did not have meat to sell due to a sheep desease. As we can see in the chapter concerning the 1776 price list, the crown yielded to the demands of the Icelanders to some extent and the price of meat increased slightly.[87]

The rise in the price of lamb during the Great Nordic War was definately one aspect of the general inflation during this period, as for instance, the diagrams for rye and fish show[88]. Nevertheless the price rise of lamb in combination with the increased frequency of the purchases of salted lamb from Iceland, as the records of Söetaten indicate, also seems to reflect the increased demand for the product in Copenhagen.

The price of salted lamb in the "free" Copenhagen markets began to rise during the late 1750s, probably as a response to the decrease in supply due to the famine crisis in Iceland. But the big price increase came during the 1760s, simultaneously with the sheep desease in Iceland, which gradually exhausted the source of supply of lamb. This rise synchronized with a rise in the price of Danish lamb, indicating probably the relative importance of Icelandic lamb for the provisions of Copenhagen to the degree that it was a price-leading commodity.

The stagnation in the price offered for Icelandic lamb by the Royal Navy in comparison to the "free" market price was the consequence of long term agreements between the Navy and the monopoly merchants.[89] Here we observe one method for the crown to exploit the Icelandic trade, in the first place, at the merchants expense. Ultimately, of course, even the merchants´ customers in Iceland suffered. This reflected the strong position of the crown vis-á-vis the merchants.

Skúli Magnússon maintained in 1783 that "the export of meat increased very much during the period 1684-1733," and "this increase is one of the major causes for the decrease (and the misery) of the (Icelandic) people."[90]

As for Skúli Magnússon´s first statement, regarding the increase in the export of meat during the 18th century, the scattered 17th century data shown in Table 3.2 certainly suggests that this was the case. We know from other sources that the Navy (Söetaten) greatly increased its purchases of Icelandic mutton during the Great Nordic War.[91] Indeed it is very likely that the inhabitants of Copenhagen also became accustomed to the consumption of the Icelandic barrel-salted mutton during the war due to several royal decrees stipulating that the merchants should bring all their Icelandic exports to Copenhagen to safeguard the provisional security of the city.[92] At the same time there were probably large quantities of mutton which could be exported from Iceland without endangering the provisional security of the Icelanders. The population in Iceland was very small during the 1710s due to the smallpox epidemic of 1707/1708. Whereas the fisheries were neglected during this time, this was not true of sheep farming as will be related below; the sheep stock could increase without much additional labour input.

If there was very limited export of meat products during the 17th century, one might ask with which products the Northerners and the Easterners in Iceland paid the imports. The answer may found in the changes in the Icelandic trade between 1774 and 1783 in comparison with previous periods. Due to the sheep desease very little meat was exported from Iceland during this period. There was some increase in the Northerners´ and the Easterners´ efforts in catching fish during the summer (and selling it

fresh to the merchants who salt-cured it). On the whole these people diminished their participation in foreign trade during the period both absolutely and relatively.[93]

It is of interest that the trade rental from 1712 to 1755 was mainly paid for with salted Icelandic mutton for the Navy. As soon as the boats of the separate traders (before 1733) returned from Iceland to Copenhagen in the Autumn, the representatives of the crown arrived to "liquidate" meat barrels for the Navy as the payment for the trade rental.[94] Following the reintroduction of the company trade in 1733 this tradition apparently continued until the diminished supply of meat, due to the hunger in Iceland during the 1750s, made it neccessary for the crown to demand the payment of the trade rent in a different form. In the books of the Chandlers´ Guild Iceland Company during the 1740s, there was frequent reference to the payment of the trade rental in meat barrels.[95] Sometimes the Navy bought almost half of all the Icelandic meat exports. The Navy´s demand for Icelandic salted lamb frequently surpassed the sum of money stipulated in the trade rental. This was, for instance, the rule from 1733 to 1742, when the annual trade rental was only 8000 rixdollars croner while the Navy´s annual purchases of Icelandic salted lamb during the same period amounted to c. 12539 rixdollars croner.[96]

Perharps one reason why the crown was so anxious to increase the rental was the Navy´s need for Icelandic salted lamb!

As for Skúli Magnússons´ second statement, which concerns the detrimental effects of meat export for the Icelandic population, he was undoubtedly right regarding the long term effects. Hans Christian Bech, director of the Royal Trade in 1781, was of a similar opinion that meat export from Iceland should be decreased.[97]

It was easy for the country farmers to increase the number of sheep. However, in Iceland the sheep had to be fed with hay during the winter, at least during most years and in most regions, if the sheep were not to starve to death. There was only a limited quantity of hay since the cultivated land and the hay production was much less than it is, for instance, today in the country.

This meant that during the years when the hay production was average or above and when the winters were sufficiently mild to allow the animals to graze somewhat, there was the possibility that a farmer possessing a large number of sheep might have meat left after having met the needs of his own household. (These needs were often quite small since mainly dairy products sustained the people and, hence, the meat production was almost a marginal phenomenon in the consumption pattern of the old farming society). The "extra" meat could then be sold to the merchant in return for various imports. During difficult years, with limited hay production during the summer and/or little or no grazing possibilities during the winter, the farmer with a large stock of sheep might lose most of them. It was a part of the farmers´ life to expect certain misfortunes, it was also a part of his life to hope for the best, for instance an early spring after a hard winter. Hence it was unlikely that he "rationally" would select a part of his sheep stock for feeding and leave the rest to die of starvation. The net result might be that he would lose more or less the entire stock and could neither satisfy the needs of his own household for meat nor have surplus meat left for the merchant.

But as long as the climatic conditions were favourable, it was obviously a better option for the country farmer to increase his sheep stock rather than to participate in the fisheries. The first alternative was cheaper and

demanded less labour. If the farm was large, with several labourers, this was less of a problem; the sheep farmer with a large household would just the same send some of his labourers to participate in the winter fisheries. However, the ordinary farmer did not have a large household and perhaps his only labourer was a close relative. It was definately better in these circumstances to increase the sheep stock and be lazy during winter than to endangering his or his relative´s life in the hazardous winter fisheries, as long as the surplus meat product could be sold to the merchant for perhaps the same sum of money as the farmer might have acquired by participating in the winter fisheries. In short; the ordinary farmer was willing to take greater risks with the life of his sheep than with the life of his labourer, not to speak of his own life. (If, however, the issue would have been the life of his cow, the choice might have been different. After all, dairy products sustained the people and cows were more important for that kind of production than the ewes).

This meant, of course, that the Icelanders´ participation in the winter fisheries decreased and this was the net result of the good marketing possibilities of Icelandic salted lamb in Copenhagen and the population decrease 1707/1708. These marketing possibilities, in turn, were good because the farmers could sell the lamb very cheaply to the merchants, as the farmers´ marginal cost in producing sheep was usually very small.

But while bad weather in Iceland decimated the sheep stock, the fisheries were not usually affected by such events. However, the farmers or the farm labourers who prefered sheep farming to fishing for practical purposes, were hardly capable of reverting to fishing following the "nature catastrophes". Besides the neccessary boats were lacking to make the change possible. As a consequence of this, several country people died but this did not affect the "production decision makers" in the first hand because the people who died from hunger were primarily the very young, the very old, the very poor and the sick.

Considering these facts, it was not at all surprising that it was diffucult to persuade the Icelanders to do more fishing, perhaps at the expense of sheep farming. As is mentioned in another context, the Royal Trade did not succeed in employing a significant number of Icelanders for working in its decked vessels from 1776 to 1787.[98] Perhaps the Icelanders´ resistance to innovations, especially in the fisheries, may be explained by the fact that the "production decision makers", i.e. the bulk of the farmers´ class prefered to be lazy during winter, accepting, at worst, the death of their poor relatives and their own sheep, rather than risking their lives in hard labour in the fisheries. This, of course, was bad for the economic development of the country, as was frequently pointed out by the representatives of the progressive 18th century school in Iceland (people like Skúli Magnússon and the directors of the Royal monopoly trade).[99] But the conservatives prefered to be lazy, regardless of the death of some poor people and several sheep.

There was a dramatic decrease in the Icelandic sheep stock during the 1760s and especially after 1770, due to a sheep scab which could not be cured. (The scab disease was the result of certain attempts to improve the genetics of Icelandic sheep). The diseased sheep had to be slaughtered, a process which began around 1762, in an organized way in 1770, and it ended in 1777/1778.

The decrease in the sheep stock naturally resulted in a greatly reduced

export of meat products as we can see in Table 3.2, for the period 1774-1783.

The period of sheep slaughtering coincided with the provision of premiums for new fishing boats.[100] The Icelanders, both out of sheer neccessity and because they profited from it, greatly increased their fishing efforts, making the monopoly trade more profitable as the result of this chain of events. In 1783, Skúli Magnússon described the sheep disease as a great fortune to the Icelandic people.[101] Be that as it may, the fact remains that the Icelanders´ loss of most of their sheep for a period of time apparently did not by and large cause them any particular distress.

1. Lovsamling for Island (LJ) 1, p. 637-638
2. Information from the accounts of the Chandlers' Guild Iceland Trade Company 1743-1759.
3. These have been published in Nina Ellinger Bang: Tabeller over Skibsfart og Varetransport gennom Oresund, 1497-1660, Köbenhavn 1906-1933. Nina Ellinger Bang and Knud Korst: Tabeller over Skibsfart og Varetransport gennom Oresund 1661-1783. Köbenhavn 1930-1953.
4. Nina Bang, vol 1, 1906, p. v.
5. R. Ehrenberg 1889, p. 18-19.
6. Ibid. p. 23
7. Ernst Baasch 1894, p. 48, 51.
8. This can be seen by comparing Ehrenberg's data, op. cit., about boats going to Iceland, with the data of Baasch, op. cit., about boats coming from Iceland.
9. Grandjean 1953, p. 44, he quoted Albert Olsen: "Danmarks Söfart og Söhandel 1", p. 333.
10. Grandjean 1953, p. 46. His source: Kancelliets Brevböger.
11. This is better discussed here below. See note no 18.
12. From Aðils 1919, p. 337-338.
13. O.A. Nielsen, vol 3, p. 135.
14. O.A. Nielsen, vol. 4, p. 167-168.
15. J. Marius, S. Vibæk, 2. Vol., 1935.
16. The absence of Copenhagen merchant boats in Iceland 1658-1660 did not bring about any protests or complaints from the Icelanders as far as we know. Apparently, Dutch and English merchants by and large substituted the Copenhagen merchants. One of these was Jonas Trellund, then a Dutch merchant (with Danish background). After 1660 he settled in Copenhagen and became one of the most important merchants in Iceland trade.
17. Marie Simon Thomas 1953, p. 77.
18. Lovsamling for Island (LJ) 1, p. 334.
19. Ibid. p. 335, 352, 362, 398, 500.
20. RA fol reg 140, 1 and 2
21. Usually information was lacking for 1-2 ports of trade but this lack was not systematic, it was random, and it changed from one port of trade to another from year to year. There was a great consistency in the size of the boats for each port of trade. Hence it is possible to assume that these five years were typical for the whole period 1743-1758.
22. This was a measurement of volume, not weight, but usually it was estimated that there were 4000 pounds in one Commercial Last, i.e. 1 Commercial Last = 2 tons.
23. See Chapter 8 on the General Trading Company.
24. For instance by Louis Grandjean, 1953
25. Detlefsen, Detlef p. 202
26. Grandjean, op. cit. p. 40
27. Ibid. Also Baasch, 1889, p. 55. The source used by Baasch: Corpus Const. Reg - Hols, 111, 118-119.
28. Skúli Magnússon 1786/1944 p. 72.
29. Skúli Magnússon in Lbs. 86 fol Printed in Aðils, 1919.
30. See the note to table 17.3 and table 12.4
31. See for instance, Gerhard Köhn 1974, p. 25-26; F.L Rode 1950, p. 32-33.
32. Grandjean, op. cit., p. 42-49, 67-70.
33. Ibid. p. 49. Also Diplomatarium Kjöbenhavn, vol. 5, p. 185-186.
34. Ibid. p. 67-70.
35. LJ, I, p. 280.
36. Ibid. p. 368.
37. Ibid. p. 552, 668, 677, 703
38. Ibid. p. 390.
39. LJ, I, p. 406-413, 629-637· LJ, 2, p. 10-24, 145-161, 400-418· LJ, 3, p. 466-493.
40. Lbs 91 fol, Lbs 92 fol, Also Aðils, 1919, p. 177.
41. This has also been pointed out by Aðils, op. cit.
42. SA Reg 65, Deliberations protokol ... p. 55. See note 27.
43. The conflict between the Danish Crown and Hamburg 1726-1736 included

according to one authority a total stop of all trade relations between Denmark and Hamburg (Glamann 1966, p. 64-74). However, the trade relations between the Copenhagen Iceland merchants and the Hamburg merchant houses apparently were normal throughout this period and definately in 1733 these were normal. Glückstadt undoubtedly played in these circumstances a significant role.

44. Oscar L. Tesdorpf published the memories of Senator Hudtwalcker in Zeitschrift des Vereins für Hamburgische Geschichte IX. 1894, p. 151-181.
45. Hudtwalcker, op. cit., p. 154.
46. Ibid. p. 155.
47. Ibid.
48. Ibid. This is the only instance where Hudtwalcker is partly wrong. Only most, not all, of the Icelandic platfisk should go to Hamburg.
49. Ibid.
50. The company 1733-1742(1743): Stadsarkivet i København, Reg. 65 (see note 19). The company 1742(1743)-1759: RA fol 140.
51. See note 19. op. cit.
52. RA fol reg 140, Nr. 10, 11, 12.
53. RA fol reg 140-11
54. Deutsches Geschlechterbuch (Genealogissches Handbuch Bürgerlicher Familien). Volume 44. 1923. p. 249-252.
55. Martin Reissmann, 1975, p. 151-183.
56. F.C. Rode 1950, p. 32-33.
57. Hans Dieter Loose 1963, p. 85.
58. Ibid. p. 107.
59. For instance Aðils 1919, p. 107-108.
60. A good rewiev of the curing of cod in general is found in C.L. Cutting 1955.
61. Skúli Magnússon 1785/1944. In North America, refuse fish was sold as slave fook. Harold A. Innis 1954.
62. Clavur Clavius, J.S. 34 fol, 1778.
63. RA fol 140-10 and 12.
64. The description of the curing of platfisk is taken from Skúli Magnússon, 1785/1944.
65. In a royal decree of 1687 the Icelanders were forbidden to cure any other fish than platfisk if they wanted to get the law-stipulated price for the fish (LI. 1, p. 465).
In a new decree in 1693 the practice of making hỳngefisk instead of platfisk was condemned again. To discourage the curing of hỳngefisk its price was lowered by 25% in the royal price list in relation to platfisk. (LJ. 1, p. 507-508). In the price list of 1776 the price of both hỳngefisk and rodskier was 80,6% of the price of platfisk (LI. 4, p. 325).
66. Skúli Magnússon 1785/1944, p. 65.
67. Ibid. p. 66.
68. Clavius, op. cit., Reissmann, 1975, p. 411.
69. Ibid.
70. LI. 1, p. 465 (op. cit.).
71. LI. 1, p. 315.
72. LI. 1, p. 307.
73. Ibid.
74. 94% of the exported platfisk 1733-1746 was socalled grov platfisk which apparently meant that the fish was big.
75. Skúli Magnússon, op. cit. p. 43.
76. Estimation made by the Icelandic fishing price Board in 1964, put forward as a recommendation to the producers of stockfish. The paper available to me, showing this estimation, is not authorized.
77. Harold Innis, 1954. Andreas Holmsen 1960, p. 432.
78. Hudtwalcker 1795, through Tesdorpf 1894. Baasch 1889 and 1894. Reissmann 1975.
79. Hudtwalcker/Tesdorpf, op. cit. The specific customers were "Austro-Hungarian" monks in rich monastries.
80. Pribram, 1938, has pointed out that the stockfish bought by Klosterneuburg fluctuated very little. "Stockfische, teuere Sort"

bought by the monastry was indeed very expensive. As the Icelandic stockfish as a high quality product was primarily bought by rich Austrian monks according to Hudtwalcker, op. cit. it is not at all unlikely that "stockfische, teuere Sort" in Pribram´s price series was indeed Icelandic flackfisch.

81. See Table 7.3.
82. See Map 5.1.
83. According to Aðils 1919, p. 493. We know from the records of Söetaten (the Danish Navy) that it bought much Icelandic lamb, not only for its sailors but also for the Army. According to another source, the Rent Chamber (Rentekammerets) Island Journal B, 2118, the Navy frequently exchanged the Icelandic salted lamb for rye barrels from the army. As we can see in Figure 5.2, the price of each pound of new Danish lamb was always higher than the price of each pound of Icelandic salted lamb on the "free" Copenhagen markets. The smallest price difference was during the 1750s when the price of new Danish lamb was 4 skillings per pound while the price of Icelandic salted lamb was 3,5-3,8 skillings per pound. Around 1770 Danish lamb was 6 skillings and the Icelandic salted lamb was 4,4 skillings per pound.
84. The trade list of 1776 was, in theory, based on the average price of the different products on foreign markets during the 10 years´ period preceding the making of the price list. (See appendix to Chapter 9). The price information regarding the basis of the 1776 price list (the preparatory notes) is found in the manuscript of Hans Christian Bech 1781, p. 92-94, J. S. 37, fol.
85. Ibid.
86. Lovsamling for Island (LI) 3, p. 472. It was also decided in the charter that the Trade Company each year should sell 2000-3000 barrels, or 224-336 metric tons, of salted meat to the Navy, for a period of 20 years, always for the same (low) price.
87. Appendix to Chapter 9.
88. Diagrams 3.2, 3.3. See also Table 3.3.
89. See note no. 3 here above.
90. Skúli Magnússon 1783, p. 186.
91. The records of the Danish Royal Navy (Söetaten). Information acquired through the excerpts of the Danish Price Project.
92. See Chapter 5.3.
93. This can be seen by comparing the northern and the eastern harbours exports from 1774 to 1783 with the exports from 1764 to 1773: the information has been provided by Skúli Magnússon, 1786/1944, p. 108-127. (The relative value of the exports from the northern and the eastern harbours of the total value of Icelandic exports when these were sold abroad was 33,9% for the period 1764/1773, but it was only 19,7% of the total for the period 1774/1783).
94. The excerpts of the Danish Price Project, op. cit.
95. Especially in RA fol. reg. 140, no. 10 and 12.
96. As for the purchases of meat, see the records of Söetaten, the Danish Price Project, op. cit. These were made in rixdollars courant, the annual average being 13.323. This was changed into rixdollars croner for making a realistic comparison with the trade rental. The turnover ratio was 100 croner to 106,25 courant, based on information from Skúli Magnússon 1786/1944, p. 93.
97. Bech, op. cit. p. 5.
98. See Chapter 11.1, "the negative attitude towards innovations".
99. The director of the crown´s trade in Iceland 1760-1764, Niels Ryberg, complained in 1761 that people from Iceland´s North and East did not want to go to the West and the South of the country for participating in the winter fisheries (February to May). He tried to stimulate the fisheries by making the trade provide premiums to the owners of new boats. (Rasch, p. 71-72). This practice continued thereafter throughout the monopoly trade period. He even more enthusiastically suggested ways and means to compel the Icelanders to take up fishing. Some royal decrees were issued to that effect (Rasch, p. 72-73), but these were soon abolished due to the "leading" Icelanders´ more or less unamious opposition to them. (See in this context, for instance, Gustavsson, 1981).
100. Rasch. op. cit.
101. Skúli Magnússon 1783, p. 174.

6. THE ICELAND TRADE COMPANY: 1733 - 1742

6.1 The Available Evidence

There is information about the dividends paid to the shareholders of the Second Iceland Company in the company´s cash book for the years 1733-1741.[1] From other archive material regarding the company other valuable information about its financial results may be collected.[2] However, the profit/loss analysis is largely guesswork because the company´s general ledger has been lost. Skúli Magnússon apparently had information of some source material concerning this company which has now been lost but the value of at least a part of this information is disputable as will be related below.[3]

6.2 Shares and Dividends Until 1741

According to the cash book of the Iceland Company for the period 1733-1741, the owners paid 100 000 rixdollars courant in share capital to the company or 100 shares á 1000 rixdollars courant at the beginning of the company´s activities in 1733.[4] At the end of 1733, the merchants who were involved in the Iceland Trade prior to the foundation of the company, and who were the chief owners of the company, were paid for their possessions which the company had taken over that year.[5]

The standard definition of these possessions was the following: "Remaining goods (exports and imports), houses with all effects (inventarium), outstanding debts based on IOUs".[6] At a meeting of the company the 22nd of May 1733, it was decided to pay for the remaining goods, the outstanding debts and the houses of the company´s predecessors used in the trade in accordance with the prevailing set price. When these payments had been made additional shares should be issued to cover further expenses.[7]

The total sum paid for the possessions of the previous owners was 80 376 rixdollars courant.[8]

A comparison between the shareholder´s list and the list of the merchants previously involved in the trade[9] shows that 87 shares were bought by 23 "old" Iceland merchants. Only 13 shares were bought by newcomers in the Iceland trade, 5 of these by Cancellie Råd Waleur. This meant that the "old" Iceland merchant´s contribution to the new company was basically their possessions in the Iceland trade prior to the company´s foundation.[10]

The company was, thus, from the start primarily an amalgamation of the preceding "separate" traders. According to one authority the directors of the new company were the most experienced merchants with the greatest knowledge regarding the purchases of imports and the sale of exports, "they got credit and foreigners paid higher prices than (they had done) before/.../This prosperity brought the envy of their fellow-citizens".[11]

The dividends were paid out at the end of each year. The payment for 1734 meant the net result of the summer voyage to Iceland in 1733 with the consequent sales of the Icelandic exports in 1733/1734, etc. According to the company´s cash book the paid dividends were the following:[12]

1734: 12% of the total share capital
1735: 6% " " " " "
1736: 10% " " " " "
1737: 10% " " " " "
1738: 12% " " " " "
1739: 12% " " " " "
1740: 12% " " " " "
1741: 12% " " " " " 13

These dividend payments were high with respect to the prevailing interest rate of 5%.[14]

6.3 Estimates of the Profit/Losses in 1742 and 1743

Due to the fact that the cash book for the years 1742 and 1743 has been lost we do not know the dividend payments for these years. But it is possible to make some guesses regarding the profits/losses for the period 1741/1743. These were, as has been explained elsewhere,[15] primarily the function of two factors: 1) the Copenhagen merchants' terms of trade; 2) the volume and the composition of the Icelandic exports.

The terms of trade were very unfavourable for the years 1741/1742 as the price of grain was very high during the years 1740/1742, reaching the highest in 1741, when the grain for the summer voyage that year to Iceland was purchased. During this period the prices of products other than grain were quite constant, and, consequently, the terms of trade were basically the result of the grain prices. The average price of the rye barrel in Copenhagen markets from 1733 to 1739 was 157 skillings, and from 1740 to 1742, 314 skillings.[16] The purchase price of the rye barrel for the Iceland Trade Company from 1743 to 1746 was about 140 skillings.[17]

On the other hand, neither the volume nor the composition of Icelandic exports changed during the period 1741/1743. There is good information regarding the exports of all commodities from Iceland for each year 1733-1742.[18] There was indeed a slight net increase in the export of fish exports 1741-1742 compared to the period 1733-1740, an increase of 1,5%; there was also a slight increase, of 2,3% in the export of wool products, and a huge increase, 21,0%, in the export of meat products compared to the preceding period.

Table 6.1

Payments to the keeper of the Copenhagen Warehouse of the Iceland Company for Icelandic products: 1739-1743

	Rd
1739-1740	28 279
1740-1741	36 771
1741-1742	35 673
1742-1743	50 225

The financial year was from the beginning of August to the end of July the following year.

Source: Regnskaber aflagt af Pakhusskriver H.H. Schröder, Stadsarkivet reg. 65.

As might have been expected considering the great increase in the export of meat products from Iceland, the Copenhagen market was of increasing importance for the company during its last years. This relative increase may be seen in Table 6.1.

As seen in Table 10.3, meat products brought substantial profits for the periods 1743-1746 and 1759-1783, and considering the increase in the meat products´ exports from 1733 to 1742, there is no reason to believe that this period was different in this respect.

A review of the two last years of the Iceland Company for the period 1733-1742, shows an export pattern quite similar to the one existing from 1743 to 1746. (See Table 7.5).

For constructing the profit/loss pattern of the years 1742-1743, it might be of greatest use to compare these with the years 1747-1749. In both cases the merchants´ terms of trade were bad while the volume and the composition of the Icelandic exports did not change significantly compared to preceding periods of profit years. There was a small deficit in the Iceland trade in 1747/1749, smaller, indeed, than the increase in the trade rental 1743.

My guess is therefore that the company did not accumulate any major profits from 1741 to 1743; perhaps it suffered some losses, but definately not of any dramatic size. These losses, or the decreased profits, may have been a major reason why the company did not overbid the Chandlers´ Guild at the auction of the 16th of April 1742, when the experienced Iceland merchants offered the highest bid of 14 800 rixdollars croner for the annual trade rental while the representative of the Chandlers´ Guild got the trade with a bid of 16 100 rixdollars. (See Figure 7.1). A further discussion of this auction and the preceding dispute of the Iceland Company, from 1733 to 1742, and the Chandlers´ Guild is found in the Chapter 7.1.

6.4 The Company´s Total Income in a Comparative Perspective

In the cash book of the Iceland Company, 1733/1741, we can see the total annual income received by the company. When compared to the total value of exports during the succeeding period, it is clear that no dramatic change happened in the Iceland trade before 1753. This can be seen in Table 6.2.

TABLE 6.2

Total Income/Exports of the Icelandic Trade Companies in Rixdollars Courant: 1 August 1733-31 July 1741 and 1 September 1743-31 August 1759.

1733/1734	172 796	1747/1748	174 714
1734/1735	185 307	1748/1749	185 086
1735/1736	186 217	1749/1750	186 231
1736/1737	165 491	1750/1751	191 580
1737/1738	190 949	1751/1752	186 293
1738/1739	154 792	1752/1753	170 923
1739/1740	176 796	1753/1754	127 697
1740/1741	176 805	1754/1755	140 553
		1755/1756	142 625
1743/1744	172 138	1756/1757	105 370
1744/1745	174 550	1757/1758	113 861
1745/1746	201 371	1758/1759	103 431
1746/1747	182 794		

Sources: For 1733-1741, Kassebogen, Stadsarkivet Reg. 65. (the bulk of this trade was carried out in rixdollars courant, but some parts in rixdollars specie & croner. These two categories of rixdollars have been transformed to rixdollars courant through the conversion tables in Friis & Glamann, 1958 p. 26 and 36-39). For 1743-1759, see Table 7.3, "total exports".

6.5. The Liquidation Price of the Company: The Previous Discussion

There is great confusion regarding the liquidation price of the Iceland Trade Company 1733/1742. This is due to the statement of Skúli Magnússon in his book of 1786 which was given the gold medal of the Danish Agricultural Society at the time.[19] He maintained that the initial capital of the company was 200 000 rixdollars, including "houses, unsold goods and outstanding debts in Iceland and a warehouse in Copenhagen". There was also, according to Skúli Magnússon, a 6% dividend payment to the shareholders each year, and when the company was liquidated, every owner got twice as much money back as he had invested in the company, its final value being four gold barrels, or 400 000 rixdollars (courant) "with houses and warehouses included".[20]

As has been shown here above, Skúli Magnússon was wrong with respect to the dividend payments and the original capital of the company, except if we assume that the merchants preceding the company and thereafter possessing 87% of its shares had provided it with a loan of significant value which did not carry any interest payments. This was the explanation of Björn K. Þórólfsson in his 1939 work. There is, however, nothing in the available sources supporting his thesis: in fact, it was based on a misunderstanding regarding some fundamental bookkeeping methods.[21]

Various authors, for instance Jon Aðils, have uncritically used Skúli Magnússon´s information regarding the liquidation of the Iceland Trade Company, frequently with some specific erudite reformulations of the original statement.[22]

But what shall be done regarding Skúli Magnússon´s statement regarding the liquidation price of 400 000 rixdollars? In my opinion the safest method is to disregard it. He was wrong in two other instances about the company´s profit analysis. Although his information regarding the company´s exports from Iceland apparently is quite trustworthy, we must conclude that his access to the company´s books did not allow him to study the company´s liquidation price. When this company was the active holder of the monopoly privileges of the Iceland trade, Skúli Magnússon had not taken over his job as the Crown´s supervisor of Iceland´s finances. The Icelanders missed this company and regreted its departure from the Icelandic trade and probably it was shrouded in some romantic mist which misled posterity, including Skúli Magnússon.

The successor of the company, the Chandlers´ Guild Iceland Company, started off with a capital of only 60 000 rixdollars which does not suggest that there were large sums of money or quantities of commodities or expensive houses which the new company had to buy from the old one. Indeed, there is nothing in the books of the Chandlers´ Guild Iceland Company to suggest that it made any large payments to its predecessor. This does not, of course, exclude the possibility that the old company in 1742/1743 was possessing barrels of gold in Copenhagen. That can neither be proved nor disproved at the present time.

The last meetings of the (Second) Iceland Company recorded in the Deliberations Protokol were held during the year 1746. At a meeting the 15th of September that year it was disclosed that there were still 7 806 rixdollars in company money which had not been paid out. It was decided that 6 000 rixdollars should be paid to cover the obligations to the shareholders and that the rest should be used for paying wages.[23]

6.6 Conclusions

My conclusions regarding the Iceland Company 1733/1742 are the following.

The total share capital was 100 000 rixdollars. Probably the owners got most of this share capital back when the company´s activities stopped, perhaps all of it, perhaps even more than that. The owners made a handsome profit in the period 1734-1741, or dividends of the value of 10,7% of the total share capital as the annual average. Probably they got no profit in 1742-1743 which would mean an annual average profit of 8,5% for 1734-1743. That was not bad at all!

1. Stadsarkivet Reg. 65, Köbenhavn, Det Kgl. oktrojerede Islands Kompagni Kassebog 1733-1741.
A very good account of the archive material of this company is found in the report of Claus P.E. Clausen 1975.
2. For instance Stadsarkivet Reg. 65 Deliberations Protokol 1733-1746, 1. vol. and Regnskaber af Pakhusskriver Hans Hansen Schröder 1739-1743, 4 volumes in one parcel.
3. Skúli Magnússon 1786/1944, p. 76.
4. Kassebog, op. cit., p. 2 & 4. The share payments were the first entries in the income side of the cash book.
5. Ibid. p. 67-81. These were, of course, entries in the expenditure side of the cash book.
6. Ibid. According to Bech 1781, p. 50, one active Iceland merchant prior to 1733 did not become a member of the new trade company. This was Vittus Bjerring and his name was not found in the owner´s category of those receiving payments for their possessions at the end of the year 1733.
7. Deliberations Protokol, op. cit. p. 49-50.
8. Kassebog, op. cit., p. 67-81.
9. See Notes 4 and 5, op. cit.
10. The merchants´ possessions were 80 376 rd out of 87 000 rd share capital or 92,4%.
11. Bech 1781, op. cit. p. 50-51.
12. Kassebog, op. cit. For 1734 p. 124-126. For 1735 p. 165-166. For 1736 p. 206-208. For 1737 p. 241-242. For 1738 p. 275-277. For 1739 p. 304-305. For 1740 p. 333-334. For 1741 p. 358-360.
13. Only 9 400 rixdollars were paid in dividends in 1736 because the company had bought back 6 shares due to the death of Jacob Nielsen. It was decided on the 31st of January, 1737 that two shares should be offered to the son of the deceased and the remaining shares to other shareholders (Deliberations Protokol, p. 84)
For all the other years the calculated percentage was paid out. (6% = 6 000 rd, 12% = 12 000 rd).
14. This was, for instance, the interest rate paid by the company, see Deliberations Protokol, op. cit., p. 50.
15. Chapter 3.4.
16. Friis & Glamann 1958
17. See Figure 3.4.
18. Lbs. 86 fol. These were excerpts made by Skúli Magnússon.
19. Skúli Magnússon 1786/1944.
20. Ibid. p. 76.
21. Björn Þórólfsson 1939 added together: The income/debit entries of the paid shares plus the loans taken when the company started plus the expenditure/credit entries of payments to the shareholders for their possessions in the Iceland trade which the company had bought. By using this method he calculated the aggregate sum of 200 000 rixdollars which he defined as the company´s foundation capital. (Footnote 3, p. 178).
22. "Most probably (the share capital) was devided into 100 shares, each at 2 000 rixdollars". (Aðils 1919, p. 179 /my emphasis/).
Further modifications based on Aðils 1919 have been forthcoming. Bengt Stancke 1971: "The share capital of the company was 200 000 rixdollars, 100 shares á 2 000 rd" (p. 35). Sören Rudolph Christensen 1978: "The Iceland Company 1733 worked with a capital of 200 000 rixdollars, divided into 100 shares...." (p. 83).
23. Deliberations Protokol, op. cit., p. 127-129.

7 Hörkæmmerlaget´s Iceland Company: 1743-1759

7.1 Hörkræmmerlaget´s Take-Over of the Icelandic Trade in 1742

Hörkræmmerlaget[1] was one of Copenhagen´s five trade guilds. In a specific royal decree issued in 1722, Hörkræmmerne (the chandlers) were given the right to sell "Flax, hemp, sacking, herring, salt", also train oil, salted meat and dried fish in Copenhagen. According to a statement made by the Guild´s spokesmen in 1734/1735, Icelandic products were the most important trade articles for the members of the Guild[2], which means also that train oil, meat, fish and tallow were the most important commodities.

Considering the commodities which the Copenhagen chandlers were selling, it is only to be expected that many Iceland merchants were also members of Hörkræmmerlaget.[3] Through this trade guild it was easier for the Iceland merchants to sell Icelandic products in the Copenhagen markets. A systematic investigation of this particular interconnection has not been done, but it is reasonable to expect that during the period of "separate trade", 1684-1732, the merchants selling Icelandic farming products or some fish not marketable in Hamburg had the greatest interest in joining Hörkræmmerlaget. (In other words all the merchants except the ones sailing directly between Iceland and Glückstadt).

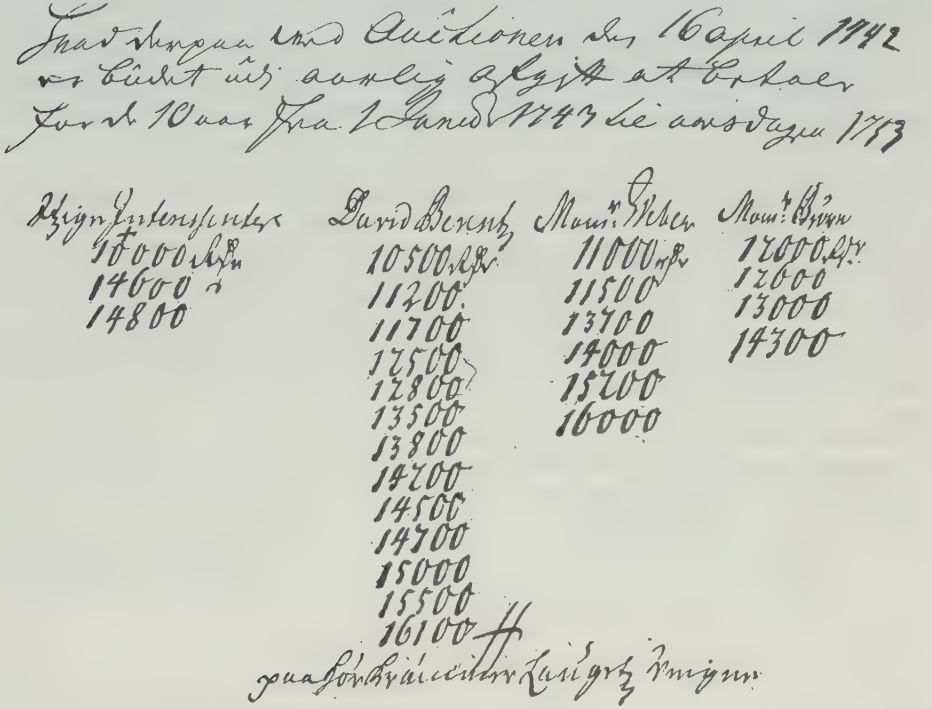
When the separate traders united in establishing the (Second) Iceland Company from 1732 to 1733, there were naturally several Hörkræmmere among the founders; 32 out of the 100 shares were owned by members of the Chandlers´ Guild including the two greatest shareholders.[4] Nevertheless there was a considerable social difference between the average shareholder of the Iceland Company and the average Hörkræmmer. The majority of the latter were petty traders not in any position to participate in expensive mercantile adventures outside Denmark. But many shareholders of the Iceland Company were relatively rich persons who also owned shares in other big trade companies in Copenhagen. This was also the case of those shareholders who were members of Hörkræmmerlaget which means that the richest chandlers were shareholders in the company while the rank and file of the chandlers in Copenhagen were outsiders to the company.

When the first boats of the new company returned from Iceland to Copenhagen during the autumn of 1733, the company started detail trade of Icelandic exports through its Copenhagen warehouse. The Chandlers´ Guild considered this to be a violation of its privileges issued by the king in 1722, and demanded that the Iceland Company stopped this trade. Their claim was rejected by the Copenhagen magistrates who sided with the mercantile "upper layer".[5]

During this strife the company shareholders who were members of the Chandlers´ Guild sided with the company against their Guild. This seems to have led to their virtual expulsion from the Guild. This preference of the company to the detriment of their own trade guild emphasizes the relative significance of the Iceland trade company. But the good profits made by the company explain this preference very well. Another thing to consider in this context is the different social position of the owners of the Iceland Company and the bulk of the detail traders organized in the Chandlers Guild. The great majority of the former were Icelandic merchants since the separate trade period (before 1733) and had accumulated their wealth and acquired their social position through that trade. Here they were carrying on the 17th century tradition with the Iceland trade as the springboard for social advancement in Copenhagen.

But soon the mercantile petit-bourgeoisie of Copenhagen organized in the Chandlers´ Guild took their revenge over the magistrates and their friends in the Second Iceland Company. The crown decided to raise the Icelandic trade rental for quite substantially, or to a level equal to that one existing before 1733. At the 1742 auction the representative of the Chandlers´ Guild succeeded in overbidding all his competitors. This we can see in the Rentekammer document describing the auction of 16 April 1742, when the commercial fate of Iceland was sold to the highest bidder, with out any investigation of the possibilities of the bidders in carrying out the trade successfully.[6]

Figure 7.1



A part of a Rentekammer document describing the action of 16 April 1742 of the Icelandic monopoly trade. From Rtk. 372-46.

The Chandlers´ Guild got the trade at a very small margin, or for 16100 rixdollars croner which was only 100 rixdollars higher than their closest competitor was willing to pay. Nevertheless, this was more than double what the old Icelandic Company paid annually 1733-1742.

It was decided on the 26th of April 1742, that the Copenhagen Chandlers´ Guild should take over the Iceland trade for a period of ten years, beginning the 1st of January 1743. The charter was to expire the 1st of January 1753.[7] As trade in Iceland was restricted to summer voyages, this meant that the company´s first trade activities would start there during the summer of 1743.

When the Chandlers´ Guild Iceland Company took over the Finnmark trade

as well in 1745, the lease period was changed for the Iceland trade to the same period as the Finnmark trade, but this was defined as the time "from the boats´ arrival during the summer of 1746 till the same time of the year 1771."[8] In fact, this meant a prolongation of the company´s Iceland trade for a period of more than 18 years.

A royal committee was appointed in 1756 to investigate the activities of the Chandlers´ Guild Iceland Company. In 1757 it published its report in which it was concluded that the company had in various ways broken the stipulations of the trade charter.[9] On the basis of these findings, the crown took the matter into consideration. "Out of grace" the crown decided not to prosecute the company for its misdemeanours. It also decided with respect to the difficult times to reduce the trade rental by 50% for the years 1756-1758. There were several conditions for this offer, the most important one being that the company promised to give up its trade monopoly by the end of the year 1758.[10] Another condition was that until that time, the company should "in every way send good provisions to the country."[11]

The company accepted the crown´s conditions. The fullfillment of the provisions´ stipulation proved to be a very expensive buisness as we can see in Tables 7.1 and 7.2.

The primary reason of the Chandlers´ Guild for taking over the Iceland trade was obviously to secure its own monopoly in selling Icelandic products to the Copenhagen consumers. It may therefore be expected that the new trade company established by the Chandlers´ Guild, Hörkræmmerlagets Iceland Company, would take special interest in shipping products from Iceland which were of specific interest to the Copenhagen market, perhaps at the cost of the traditional German market. This would have meant increased exports of meat products and less emphasis in buying high quality fish.

However, there was a counter-motivation: the sheer wish that the new company would make good profits. This certainly was the leading principle in the company´s activities and if these two motives clashed, we would expect that the profit motive must have prevailed. But it is by no means certain that the directors of the company, who always came from the ranks of the Chandlers´ Guild, realized that there could be a clash between the interests of the chandlers of Copenhagen in their activities in the city and the overall interest of the new trade company.

Available merchant books do not tell us anything about the actual fish exports to Germany (mainly through Hamburg) from 1733-1742, and we therefore cannot compare fish exports to Germany before and after 1742/43. The 1747 agreement with Hamburg fish merchants for the annual sale of 4000 skippund grov platfisk is, however, a decrease in relation to the agreement of 1733 (of an annual sale of 4500 skippund).[12]

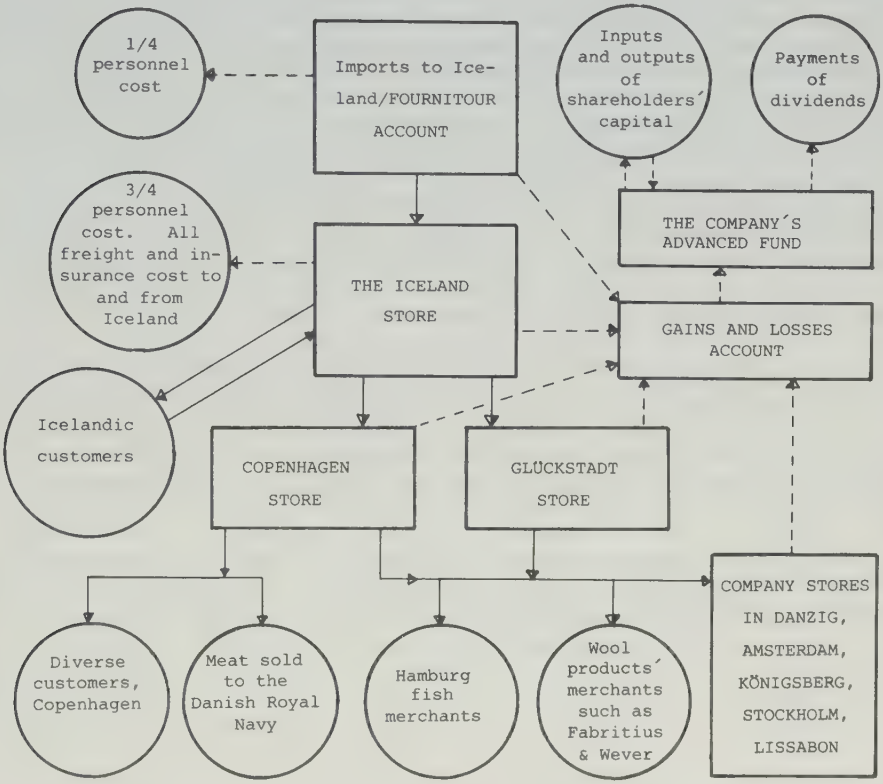
But we know with certainity that the meat export increased a good deal during the 1740s. This we can see in Table 7.5, showing the comparison between the exports 1733-1742 on one hand, and the exports from 1743-1746 on the other. We can also see this in Table 3.2. However, this was mainly a continuation of a process which had started while the Second Iceland Company was the holder of the trade privleges from 1733 to 1742 (see Chapter 6.3).

According to the royal committee investigating the activities of the Third Iceland Trade Company,[13] it neglected the import of production goods to Iceland for the fisheries.[14] The report of the committee was dated 1757.

The picture emerging is that of a trade company increasing the merchants´ reliance on Icelandic farming and neglecting the development of

FIGURE 7.2.

A description of the monopoly trade structure as it was reflected in the accounts of the Iceland Trade Company 1743-1759.



= specific accounts inside the company.

= instances outside the company, paying to it or being paid by it (inputs and outputs with regard to the company´s economy).

= flow of commodities. Naturally the payments for the commodities was the other way round, but it is only shown in the case of the trade in Iceland as this was barter trade.

= money transfers inside and outside the company, from one account to another and payments for diverse costs in the trade such as personnel cost, freight, insurance and dividends.

Iceland's fisheries.[15] This harmonizes well with the traditional structure of the Icelandic society in which fishing was neglected because of farming, but not with the long term economic interests of the merchants nor, indeed, the Icelandic population. To what extent this increased reliance on farming reflected the conceptions of the petty traders organized in the Chandlers' Guild is of course impossible to say.

What is possible to say is that the change in the trade structure in 1742 meant that most experienced Iceland merchants left the trade, leaving relatively inexperienced men in charge of it. This was the judgement of 18th century contemporaries, including one of the servants of the new company, Hans Christian Bech (who after 1776 was the director of the Iceland Royal Trade): "Then (in 1742) a new trade company was founded, by ignorant people, the company's management was in sharp contrast with the management of the previous company, and the results were a natural consequence of this fact."[16]

When Icelandic farming nearly collapsed due to natural catastrophes during the 1750s, neither the Icelanders nor the merchants could in any way meet the challenge by, for instance, building out the fishing sector.

7.2 The Bookkeeping Methods and the Structure of the Company[17]

Figure 7.2 represents a simplified version of the trade structure of the company as it appears in its bookkeeping. What is mainly lacking in the picture is the existence of a few accounts of the company's central administration, mainly the interest account and the diverse cost account (handlingsomkostnader), which both entered the Gain and Losses Account on the debit (loss) side.

As we also can see clearly in Table 7.3, all exports from Iceland either went through the company stores in Copenhagen or in Glückstadt. Most of the commodities brought to Glückstadt were fish products from Iceland's Southwest bought by the Hamburg fish merchants in the Schonenfahrer Guild for further distribution in Central and Southern Europe. But also fish products shipped to the Copenhagen Store were sold to the Hamburg merchants who continued to distribute on the average two thirds, at least, of the export value of the Icelandic fish products, a tradition dating back to the 16th century. (See note no. 1 to Table 7.3).

Glückstadt had become a staple town for Icelandic products in 1623.[18] Although boats from Iceland sometimes sailed directly to towns other than Copenhagen and Glückstadt,[19] there is little doubt that the traditional primary destination of the boats from Iceland were these two towns.

When the General Trading Company took over the Iceland trade in 1764, the accounting practice described in Figure 7.2 was changed in one important way: exchanges between the company stores abroad and the Iceland store now became direct, without the intermediary role of the company stores in Copenhagen and Glückstadt. New stores soon became important, mainly Spain and Italy.[20] These technical bookkeeping changes apparently reflected another important change: boats began sailing directly from Iceland to Southern Europe. In 1771, the company store in Glückstadt disappeared once and for all from the trade company's ledger and we know that in 1774 the Elbe trade of the Iceland boats had ceased to exist.[21] The Hamburg domination of the Icelandic fish exports had now definately ended and to some extent had been replaced by a new Copenhagen "triangle trade": Copenhagen (the Baltic) → the Danish possessions in the North Atlantic → Southern Europe → Copenhagen.[22]

In the notes to Table 7.3, various futher explanations regarding the different instances found in Figure 7.2 may be found.

The accounting year of the company was 1. September till 31. August the following year. The first year of account started at the beginning of the company´s activities during the Autumn 1742 (when the preparations for the summer journey of 1743 started).

The net gain for 1743/1744 of the company´s trade thus included the results of the summer journey 1743, imports bought (mainly) 1742-1743, exports sold 1743-1744. The net gain for 1744/1745 included the results of the summer voyage 1744, imports bought prior to the 1st of September 1744 were included in the net results of the accounting year "1. September 1744 to 31. August 1745". This meant that entries in the fournitur conto 1743-1744 were included in the net results of the accounting year 1744/1745 as long as these were earmarked as provisions for the summer journey of 1744.

This time lag practice of the import-provisions´ accounts was continued throughout the trade company´s period 1743-1759 and indeed also thereafter for several years.

As had been the case with the preceding trade company (1733-1742) and the monopoly trade merchants of the separate period (1684-1732), the Third Iceland Company did not possess the boats used in the Iceland voyages. These were rented, at an annual cost of ca 25 000 rixdollars (and a variation of 20 000 to 30 000).[23] By devices of this kind the Iceland trade demanded small capital inputs from the owners and the risks of the trade were spread (as well as the profits).[24]

7.3 Analysis of the Company´s Losses and Gains from the Iceland Trade 1743-1759

We can see in Table 7.1 the company´s annual gains and losses from the Iceland trade 1743-1759. Until 1746 the company was solely occupied with the Icelandic trade, but then it took over the Finnmark trade as well.[25] Thereafter the company´s books, including the general ledger presented the combined results of the trade in Iceland and Finnmark. In Saldeer- og Balanceer-Bogen (RA fol. reg. 140-16) the division of the gains´ and losses´ account for the Iceland trade on one hand and the Finnmark trade on the other has been made for the years 1755-1759, but no such division has been found for the intervening period, 1746-1755. However, this could easily be made through the recalculations of figures found in the general ledger and the cash journals (RA fol. reg. 140, nr. 10-12). A few estimates had to be made, here the example of RA fol. reg. 140-16 was followed.

The company made good profits 1743-1747 and 1750-1753. The slight losses 1747-1749 must at least partly be explained by the deteriorating terms of trade for the merchants as we can see in Figure 3.5, and probably also in the increasing loss of the company´s Iceland store, as we can see in Table 7.1 and especially in Table 7.2. While the value of imports did not change in 1747, the value of exports declined.

Another explanation, especially for the year 1747/1748, was a sharp fall in the profitable export of high class dried cod from the southwest fishing districts through Glückstadt to Hamburg, as we can clearly see in Table 7.3. This happened without a simultaneous fall in other exports which means that there was no general economic/demographic crisis in Iceland at the

time. As the price of dried cod was constant through the agreement of 1747, the decline in the export to Glückstadt must have been due to a dramatic fall in the exported quantity. The explanation for this decline in the quantity most probably were poor fish catches in Iceland´s Southwest. Indeed there is other evidence supporting this explanation.[26]

Around 1750 the merchants´ terms of trade improved. The exports/imports commodity index was 98 in 1749, rose to 119 in 1750, 128 in 1751 and stayed at a high level till 1754 when it fell from 125 to 104 in 1755; the decline then continued, becoming 74 in 1758. The fluctuation from 137 in 1753 to 74 in 1758 meant a fall in the relative price of Icelandic exports by 46%.[3] As the fluctuations in the commodity terms of trade primarily of this period (see Diagram 3.5) reflected the changing price of grain, which in turn was primarily the function of the changing supply of cereal products, it is clear that relatively good supply of grain 1750-1754 was substituted by bad supply 1755-1758. The explanation for this deteriorating grain supply was partly the Seven Years´ War which reduced the grain exports from the traditional European granaries in the Baltic, partly the vicissitudes of the changing harvests. Especially the harvest of 1757 was bad, leading to a price increase of the rye barrel in the markets of Copenhagen from 270 shillings during the Summer of 1757 to 400 shillings during the early Spring 1758.[27] (The harvest of 1758 seems to have been reasonably good if grain prices are used as a criterion of harvests, but the declining grain prices between the Autumn 1758 and the early Summer 1759 first benefited the Iceland trade in 1759).

The favourable terms of trade 1750-1754 clearly come forward in the gains of the trade (Table 7.1). We can see in Table 7.2 that there was a fall in the cost of imports during this period. But contrary to the improving terms of trade 1752-1753, the profits began to decline. The explanation for this was simply decreasing export due to the increasing hardships in Iceland. This comes clearly forward in Tables 7.2 and 7.3; the exports from Iceland were diminishing a great deal in value during the 1750s. There was a very steep fall, for instance, in the exports from Iceland 1753/1754.

The great losses in the Icelandic trade 1754-1758 may thus be explained by two factors: the deteriorating commodity terms of trade for the merchants and the great hardships in Iceland which meant that Icelandic production had diminished drastically. The culmination of the losses coincided with the synchronization and the intensification of these two factors. Undoubtedly, by then the difficult years in Iceland were the main reason for the company´s economic crisis as the prices abroad were of a minor importance when the Icelanders had very little left of their production which could be exported with some profit. Icelandic exports 1755-1759 constituted only a half of the value of the exports 1744-1752 while the value of the imports changed very little.

Even more serious, however, was the change in the composition of the export goods. We have seen that fish products normally brought the highest profits to the trade, and wool products the lowest, if any at all.[28] The relative share of fish products in the exports was rather constant throughout the period 1743-1759, but as the total volume of exports had diminished by almost 50%, this meant an absolute decrease in the fish exports by the same figure.

Meat exports declined both absolutely and relatively and were 1757-1759 only a third of the export value of meat 1744-1753. Icelandic meat products had began to yield profits to the trade during the 18th century. But wool

exports, on the other hand, remained constant 1743-1759 (see Table 7.3), increasing their relative share in the exports value from ca 25% to almost 40%.

The correctness of dividing the company´s trade profits exactly between the Iceland and the Finnmark trade sectors may be doubted although the company´s books clearly make such a division for most of the costs and the income. As has been explained here above, the company acquired the Finnmark trade only because it already had the Iceland trade. The company paid a high rental to the Crown for the Iceland trade; it did not pay any rental for the Finnmark trade. Altogether the payment to the Crown was 248 040 rd during this period. If the Finnmark trade had contributed with 25% of the rental 1746-1758, as its estimated share in common costs most frequently was 25%, this would have amounted to 62 010 rd, or the annual average of 3 876 rd.

As the total profits of the Iceland trade were only 23 635 rd for the period 1743-1759 (after the payment of the rental to the Crown or 1 477 rd a year), while the total profits of the Finnmark trade 1746-1758 were 83465 rd, we can see that this 25% "rearrangement" of the trade rental would radically change the "gain relation" between the two trade sectors, increasing the Iceland trade profit to the total of 85 645 rd for the period 1743-1759, or to an annual average of 5 353 rixdollars instead of 1477. Consequently, the total profits of the company 1743-1759 shown in Table 7.4 are perhaps the best available indicator of the actual profitability of the Iceland trade.

7.4 The Third Iceland Company´s Maneuver Possibilities during the Economic Crisis of the 1750s

The unchanging value of imports despite the rising price of grain products, refered to previously, means that the total quantity of imports must have decreased a good deal. This raises certain questions about the "import mix" or the composition of imports, especially because it is clear that credit trade did not change significantly during the 1750s. This will be better discussed here below.

It was mandatory for the trade company to send each year to Iceland c. 20 boats manned by several men in the company´s service and to carry out trade in the country regardless of the economic situation in Iceland and at fixed prices regardless of the price fluctuations abroad. Therefore it was only natural if the company´s servants tried to sell as little as possible of goods with "unfavourable" prices and instead tried to sell goods with "favourable" prices. Rye belonged to the first category of commodities. The second category included commodities like spirits and tobacco.

To prevent the merchants from selling too many "luxury" goods in relation to neccessities, the Icelandic sheriffs were expected to send lists to Copenhagen stating which goods were needed in their respective districts. They were also expected to inspect the cargoes and generally to supervise the trade, a task which they were taking increasingly seriously during the 1750s due to the policy of their superior official, Skúli Magnússon. How did the sheriffs succeed in securing the proper import "mix" for the Icelanders?

It is very difficult to use the books of the Iceland trade company for

finding out the annual composition of the imports to Iceland, unlike what is the case for exports, for the period 1743-1759. In RA fol. reg. 140, no 1 and 2 (Deliberations og Subscriptions Protocol, "Deliberations Protocol"), there is information about the planned purchases of the company for each year but it was obligatory for the company to seek the lowest prices for each import item through public bargaining (licitation) and these books include the plans for these auctions. In the cash journals (RA fol. reg. 140 nr 10-11) there is some scanty evidence about the actual imports, but it is by no means sufficient for making quantitative series.[29] Jón Aðils, 1919, p. 440, published information about rye imports to Iceland 1743-1754.

On the basis of the evidence which has now been mentioned, it is possible to make some statements regarding imports to Iceland during the 1750s, assuming that the import to Finnmark was constant:

The import of the increasingly expensive grain products did not decrease during the years of hardship 1755-1758.[30] But there was a significant decrease in the import of various investment goods such as timber and iron; also of some, but not all, production goods, such as hemp, flax and fishing lines.

The answer to the question is, therefore, that the company did not significantly change the "import mix" against the wishes of the leading Icelanders in response to the deteriorating terms of trade and the dramatic slowdown in the Icelandic production. The decrease in the import of investment goods was natural as times of hunger and starvation hardly stimulate the willingness to sacrifice present "welfare" for future happiness.

It is probable that governmental control both in Copenhagen and in Iceland was mainly instrumental in "persuading" the Iceland trade company to fullfill its stipulated obligations towards the Icelanders. This fulfillment increased the company's losses.[31]

A study in the demands of the company towards Icelandic customers at the end of the period shows that there was some increase in the company's credit trade during the late 1750s,[32] but this increase is quite insufficient for explaining the diminishing discrepancy between the value of imports to Iceland and the value of exports brought out of the country. The Company claims towards the Icelanders only increased by 13 125 rd during the 1750s which was a very modest increase indeed in relation to the aggregate transactions of the company each year (for instance the value of imports, was c. 80 000 rixdollars each year), or in relation to the total debts of the Icelanders to the company (19 000 to 36 000 rixdollars each year, the traditional or the ordinary loans made to the Icelanders were only for one year at a time).

Consequently the explanation as to why the value of exports decreased in relation to the value of imports without a simultaneous increase in the Icelanders' debts to the company,[33] must be the deteriorating commodity terms of trade for the merchants and the changes in the "export mix", i.e. relatively more wool products were exported to the merchants' disadvantage. At the same time the merchants' flexibility in mixing the imports to their own advantage decreased very much during this period of famine. All these factors worked together simultaneuosly in reducing the profitability of the trade.

7.5 Administration, Dividends, Capital Inputs and Shareholders' Groups

The indirect profits which the members of Hörkræmmerlaget (the Chandlers' Guild) got through their acquisition of the Iceland trade came through the relative strengthening of their position as detail merchants in Copenhagen markets. As we do not have access to the accounts of the individual chandlers, it is impossible to measure the indirect profit.[34]

The direct profits can easily be measured because most of the books of the third Iceland Trade Company have been preserved. These are presented in Tables 7.1 and 7.4. These profits should be put into relation to the capital inputs.

It was decided (4. April 1743) that the company's share capital should be 60 000 rixdollars, or 60 shares á 1000 rixdollars. This was very little capital, obviously more fitted to the economic resources of the founders than the needs of the company. The foundation capital of the preceding company (1733-1742) was 100 000 rixdollars. The annual costs of the trade exceeded the start capital by a large margin. The fixed costs amounted to c. 82 000 rixdollars a year, the variable costs of an annual average of 107 000 rixdollars.[35] The total value of all fixed assets of the company was according to the accounts 55 300 rd for the period 1749-1756,[36] which was little considering that the average annual gross income from the company's Iceland trade 1743-1753 was 182 506 rixdollars.[37]

But even the sale of 60 shares á 1000 rixdollars was difficult. After a year four shares remained to be sold.[38] This seems to have been due to the fact that the members of the Chandlers' Guild definately wanted to be in control of the new company, but most of the 56 sold shares were in the hands of the chandlers.[39] The remaining shares were in the hands of other petty traders of Copenhagen. Two groups, the big merchant houses in the city and the old Iceland merchants were conspicously absent from this category of shareholders. In 1745/1746 all the 60 shares had been sold.

Due to the low amount of share capital, the new Iceland trade company had to depend on loans for its activities and these brought substantial costs. Its annual average interest costs 1743-1759 was 6 733 rixdollars.[40]

The interests paid to or received from ordinary customers, such as buyers or sellers of goods or boatowners hiring boats to the company, were not included in this figure[41] which thus merely reflected the net capital borrowing of the company, from financial institutions, mainly banks.

With respect to the ordinary annual rate of interest, the average interest expenditure of 6 732 rixdollars meant that the average outstanding debt was close to 135 000 rixdollars each year.[42] This was almost the same amount as the maximum of capital inputs by the shareholders to the company (136 493 rixdollars).[43]

For the Icelandic part of the trade the estimated average annual interest expenditure was 4 211 rixdollars each year.[44] As the average gross income from the Icelandic sector of the company's trade was 159.912 rixdollars each year 1743-1759,[45] - here the difficult years 1753-1759 have been included, this means that the net interest cost due to insufficient share capital inputs was 2,6% of the company's gross income.

When it was decided in December, 1745, that the trade company should also take over the Finnmark trade, important changes occured in the ownership structure. While the Icelandic products during the 1740s were still almost excusively sold by the company in Northern European markets (mainly in Copenhagen, Hamburg and Amsterdam), the Finnmark products were to a very large extent sold to Mediterranean countries. For this market the owners of

the Iceland Company needed the service of a merchant firm with experience in the Mediterranean trade. This was provided by the merchant Andreas Björn (1703-1750) who, in 1742, had been one of the chandlers' competitors in the bid for the Icelandic trade.[46]

Both as a consequence of this change and of the fact that the company was prospering at the time, it was decided in February, 1746 to increase the number of shares from 60 to 72. At the same time the value of each of the old shares was increased from 1000 to 1500 rixdollars and the price for each of the new shares was 1500 rixdollars. Company profits were used for financing the increase in the value of the old shares, i.e. 30 000 rixdollars of these profits were not paid out but were used to increase the nominal value of the old shares.[47]

10 out of the 12 new shares were bought by Andreas Björn; - altogether he thus forwarded 15 000 rixdollars to the company. The two remaining shares were bought by his Royal Highness King Frederick the Fifth, but only for 1000 rixdollars each! Later, (in November 1747). 500 extra rixdollars were paid for these shares. Altogether the company's nominal capital in 1746 was raised from 60 000 to 107 000 rixdollars.[48]

But the company's needs for capital and good relations with rich merchant houses and crown officials had by no means been satisfied. Thus, the second extention of share capital was made in November 1747. Out of the substantial company profits, 33 507 rixdollars were now used to increase the value of the old 72 shares, each share by 465 1/3 rixdollars. The shareholders then had to pay 34 2/3 rixdollars for each share and thereafter the value of each share was 2000 rixdollars.

At the same time, 28 new shares were sold, each for 2000 rixdollars. The new shareholders almost all, apparently, belonged to the richest and/or the most prominent groups of Copenhagen's citizens. The total share capital of the company was now 200 000 rixdollars.[49]

Now the "old" shareholders, the petty tradesmen from 1743, together were in possession of 60 shares out of the total of 100; the value of these 60 shares was 120 000 rixdollars. For these shares they had paid altogether 62 077 1/2 rixdollars which was only slightly higher than the 56 000 rixdollars paid by the titled gentlemen[50] for the 28 shares they acquired in 1747.

According to the company's convention of 1748,[51] articles 7 and 8, the daily management of the company should be in the hands of three directors and a president. Each of these should possess at least two shares and have merchants' rights in Copenhagen. The last stipulation excluded from the company's direction several new shareholders who had joined the company in 1747 while the old members could be elected to that position almost without an exception.

Age was given priority among the directors; the oldest director was the first one.[52] The directors should be chosen from a group of three "chief shareholders" who in turn were elected by the shareholders' meetings. The election procedure secured a de facto secret ballot. The possession of one share represented one vote, the possession of three shares two votes, of six shares or more three votes (Article 6).

Considering these stipulations, it is not at all surprising to find out that the company's directors throughout the active period of the company came mainly from the ranks of Hörkræmmerne.[53]

It is obvious that the profit and the losses of the shareholders must have been very different for the different groups of shareholders,

especially because the years of loss mainly occured during the last years of the company´s activities. The shares were of three different kinds; as has been described here above.

Group 1: The 60 original shares issued in 1743
Group 2: The 12 shares issued in February 1746
Group 3: The 28 shares issued in November 1747

The term used here is shares, not shareholders. Obviously the ownership of some of the shares changed. For instance, the shares bought by Andreas Björn in 1746 á 1500 rixdollars, were sold in 1748 á 2000 rixdollars.[54] It is obvious that speculations of this kind increased the profit of some shareholders and decreased the profits of others.

But such a calculation on an individual basis would be very difficult and would also be besides the point. The purpose here is not the calculation of the economic position of individual shareholders but to find out how the profits of the company were distributed among the three different categories of shares. Personal speculations in shares will not enter into these calculations. (Besides, it looks as if the shares of the most important group of shareholders, the members of the Chandlers´ Guild, stayed mostly in the hands of these men during the whole period).

In Table 7.4, the results have been summarized. It shows very well how the founders of the company profited from it while the late-comers got far less out of their shares in the company than if they instead had placed their money in the bank.

The petty tradesmen of Copenhagen had taken over the Iceland trade in 1742 by ousting experienced merchants from that trade. According to both the Icelanders and the Danish investigating committee of 1757, they mismanaged this trade. In addition, they made a handsome profit from this mercantile adventure while other shareholders in the company made a loss from it. Their reputation was neither high in Iceland nor in Copenhagen after 1759.[55]

7.6 Conclusion

It might be argued that Hörkræmmerlaget´s Iceland Company had the historical misfortune of being the last representative of the genuine "medieval" or archaic mercantile system in Iceland: The merchants visited Iceland for a short period during the Summer, exchanged their goods as quickly as possible for other goods and then sailed away, interfering as little as possible in the Icelandic economy, avoiding all involvement in the Icelandic production process´.[56]

This archaism was very much out of tune with the prevailing aggressive cameralism which had become popular among the autocratic princes of Europe, the Danish monarch included. The peculiar distribution of the profits among the company´s owners, favouring the lowest part in the mercantile pyramid, was not a consequence of some intentional policy on behalf of the company directors (who happened to belong to the gainers of this distribution). Nevertheless, the results hardly enhanced the popularity of Hörkræmmerne in high places. The frequent references, after 1759, to the "inexperience" and even the "tyranny" on behalf of the members of the Chandlers´ Guild involved in the Icelandic trade, may very well be explained by their historical misfortune and hardly anything else.

TABLE 7.1. Gains and Losses Account in the Iceland Trade 1743-1759, with additions from the Insurance Account

	1743/44	1744/45	1745/46	1746/47	1747/48	1748/49	1749/50	1750/51	1751/52
	Rd Sk	Rd Sk	Rd Sk	Rd Sk	Rd Sk	Rd Sk	Rd Sk	Rd Sk	Rd Sk
GAINS									
1.Copenhagen Store	33417 60	34465 37	41388 07	33916 10	34975 36	33163 18	30887 52	38000 13	35432 10
Glückstadt Store	18710 68	14000 22	23756 22	15633 80	10805 61	19374 38	17779 53	20774 08	23431 79
3.Remaining income	2702 02	1683 88	2735 81	1724 69	856 29	2765 83	985 86	265 41	359 22
Total income	52830 34	57587 84	67880 14	51274 63	46637 30	55303 43	49652 95	59039 62	59223 15
LOSSES									
Rental to the Crown	17106 24	17106 24	17106 24	17106 24	17106 24	17106 24	17106 24	17106 24	17106 24
2.Iceland Store	7313 81	-7438 33	7455 66	10192 70	23689 09	23222 28	19319 35	19602 72	12900 29
4.Interest Account	3468 85	4753 92	5399 30	4214 95	3383 22	5843 90	5018 28	4970 45	4124 64
5. Diverse costs	5835 89	4827 01	8572 55	6251 84	7378 58	6547 35	6322 91	6183 31	6116 89
6.Remaining costs	4716 53	3162 25	917 04	1087 00	527 00	2353 89		44 00	33 74
Total Expenditure	38441 44	29849 46	39450 83	38852 81	52084 17	55073 74	47766 82	47906 76	40281 88
Income - Expenditure	+14388 86	+27738 38	+28429 27	+12421 78	- 5446 83	+ 229 65	+ 1886 13	+11132 82	+18941 23
7.Depreciation	- 902 35	- 902 35	- 902 35	- 902 35	- 902 35	- 902 35	- 902 35	- 902 35	- 902 35
8. Insurance Account							+ 2038 86	+ 4836 29	+ 5444 19
9.Reconstructed profit or loss	+13486 51	+26836 03	+27526 88	+11519 43	- 6349 22	- 672 66	+ 3022 64	+15066 76	+25483 07

	1752/53	1753/54	1754/55	1755/56	1756/57	1757/58	1758/59	1743/59, total,	average
	Rd Sk	Rd Sk	Rd Sk	Rd Sk	Rd Sk	Rd Sk	Rd Sk	Rd Sk	Rd Sk
GAINS									
1.Copenhagen Store	31665 81	26235 59	25494 06	25746 34	23620 47	19159 08	19676 02	485243 00	30327 66
Glückstadt Store	17427 59	12158 68	11264 79	10657 01	11317 67	17317 64	16255 81	260665 82	16291 59
3.Remaining income	361 57	206 23	1844 17	2843 28	2308 11	6182 88	7483 03	35308 56	2206 76
Total income	49455 05	38600 54	38603 06	39246 63	37246 29	42659 64	43414 86	781217 42	48826 09
LOSSES									
Rental to the Crown	17106 24	17106 24	17106 24	17106 24	8353 12	8353 12	8353 12	248040 60	15502 52
2.Iceland Store	11781 76	14834 59	20693 19	27337 74	33024 35	56312 66	68637 62	348879 80	21804 95
4.Interest Account	3854 03	3289 82	3486 72	3746 37	3752 41	4625 13	3806 45	67378 76	4211 17
5.Diverse costs	6362 54	5994 87	6372 58	5751 25	5362 64	5947 14	3754 91	97562 62	6097 64
6.Remaining costs		26 26				127 15	429 51	13424 49	839 03
Total Expenditure	39104 61	41251 86	47658 77	53941 64	50692 56	75205 24	85161 69	775286 39	48455 39
Income - Expenditure	+10350 40	- 2651 32	- 9055 71	-14695 01	-13446 27	-32545 56	-41746 79	+ 5931 03	+ 370 66
7.Depreciation	- 902 35	- 902 35	- 902 35	- 902 35	- 902 35	- 902 35	- 902 35	- 14437 72	- 902 35
8.Insurance Account	+ 5341 31	+ 5208 09	- 1315 47	+ 4483 78	+ 4277 80	- 277 47	+ 2094 74	+ 32132 24	+ 2008 26
9.Reconstructed profit or loss	+14789 36	+ 1654 38	-11273 57	-11113 54	-10070 78	-33725 42	-40554 40	+ 23625 51	+ 1476 57

Notes to Table 7.1

* This is the only instance where my calculations deviate from the results reached in the Iceland Company's summary of gains and losses in Saldeer og Balanceer Bogen, RA fol. reg. 140-16. The company bookkeepers did not separate the Finnmark trade accounts in the company gains and losses from the Iceland trade for 1746-1747 and consequently assumed that the total gain due to that year came from the Iceland trade. But in fact the Finnmark trade according to Hovedbogen and Kassejournaler (RA fol. reg. 140, no.10-12) brought a loss for the year 1746/1747 of 1321 rd 8 sk and the gain that year from the Iceland trade was used to pay for this loss. Hence the gain calculated here is higher than the one shown in RA fol. reg. 140-16, by 1321 rd 8 sk.

1. The Company Store in Copenhagen through the account called Islandske Retour Vahre.
2. The Icelandic Company Store (Lageren udi Island) presented in Table 7.2. It brought losses every year but 1744/1745.
3. The most important of these was usually the fournitour conto which was the account for goods imported (furnished) to Iceland.
4. The example of Saldeer- og Balanceer Bogen (RA fol. reg. 140-16) for 1755 onwards is followed here for the years 1746-1755: two-thirds of the net interest costs of the trade have been defined as Iceland trade expenditure, one-third as Finnmark trade expenditure.
5. This is the expenditure item known as Handlingsomkostnader in the merchants' books and included diverse costs not found in the fournitour account, the interest account or the accounts for the different company stores. The common costs have been divided between the Iceland and the Finnmark trade sectors according to the rule laid down in RA fol. reg. 140-16, 75% for the Iceland trade and 25% for the Finnmark trade.
6. These were unusually high during the first years because of extra costs due to the beginning.
7. The total loss after the end of the company's activities in Iceland 1758/1759 was (for 1759-1766) 14437 rd 72 sk. This loss was due to the lack of the technique of annually depreciating the existing company possessions in the accounting books. It is assumed that the real depreciation cost was the same for every year and therefore the "loss 1759-66" is added to each of the years 1743-59 by dividing it by 16.
8. The insurance account was kept separately from the annual results and the net gain of this fund was first transfered to the company's advanced fund for financing the loss during the company's liquidation in December 1761. Here the Iceland share has been calculated for each year, the payments from this account to the Iceland trade have been subtracted from the payments to this account from the Iceland trade. The total gain of the Trade Company through the insurance fund was 31215 rd 65 sk, the gain of the Iceland trade was 32132 rd 24 sk, which means that the Finnmark trade sector made a net loss through the insurance fund of 916 rd 55 sk.
   The Company insured all transports of goods; this was undertaken by the Söassurance Company till 1750. Early that year the trade company established a separate insurance fund in its own possession and thereafter all insurance was made through internal financing.
9. Gains - losses - depreciation + insurance account contributions.

TABLE 7.2. The Company Store in Iceland 1744-1759.

In rixdollars courant. In the books of the Company called "lagerun udi Island". Sources: RA fol. reg. 140-10, 140-11, 140.12. As for further explanation, see text and in particular Figure 7.2.

	1744/45		1745/46		1746/47		1747/48		1748/49		1749/50		1750/51		1751/52	
Expenditure:	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk
1. Imports to Iceland	88420	70	100516	25	96941	36	96492	85	93733	25	99175	04	95624	50	83832	86
2. Insurance	7025	51	7064	30	6905	24	7141	24	7063	18	7089	05	5811	31	5372	53
3. Freight & personnel	43949	90	52120	30	50632	69	49977	27	50354	46	45956	57	47054	04	46543	72
4. Land rent	2647	17	2445	62	2492	37	2562	88	3229	59	3447	14	3234	41	4418	33
Diverse	2370	85	1406	22	91	38	6	30	100	00					735	37
Total	144414	25	163552	73	157063	12	156180	62	154480	52	155667	80	151724	30	140902	89
Income:																
5. Icelandic Exports	149908	11	140048	92	150439	72	130051	53	132848	70	131423	94	132061	89	125664	56
6. Changes in stocks	+ 1944	47	+16048	11	- 3569	34	+ 2440	00	- 1590	46	+ 4924	47	+ 59	61	+ 2338	04
Total	151852	58	156097	07	146870	38	132491	53	131258	24	136348	45	132121	54	128002	60
7. Losses	- 7438	33	7455	66	10192	70	23689	09	23222	28	19319	35	19706	72	12900	29
	144414	25	163552	73	157063	12	156180	62	154480	52	155667	80	151724	30	140902	89

	1752/53		1753/54		1754/55		1755/56		1756/57		1757/58		1758/59	
Expenditure:	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk
1. Imports to Iceland	81271	14	75195	03	79891	47	79469	22	80823	06	82608	71	81051	11
2. Insurance	5273	72	4850	30	4678	15	4126	65	3805	18	4073	29	4035	54
3. Freight & personnel	46788	62	44822	32	43131	95	41659	58	38970	42	45213	87	50921	61
4. Land rent	3544	90	2474	35	2501	10	2301	30	2111	16			4651	72
Diverse	86	70	84	58	170	36	73	13	75	00	78	32	100	51
Total	136965	20	127426	62	130373	11	127629	92	125784	82	131974	27	140760	57
Income:														
5. Icelandic Exports	124065	32	113608	25	102886	81	88120	19	78540	59	84107	38	84978	35
6. Changes in stocks	+ 1118	08	- 1016	22	+ 6793	07	+12171	95	+14219	84	- 8445	77	-12855	40
Total	125183	40	112592	03	109679	88	100292	18	92760	47	75661	57	72122	91
7. Losses	11781	76	14834	59	20693	19	27337	74	33024	35	56312	66	68637	62
	136965	20	127426	62	130373	11	127629	92	125784	82	131974	27	140760	57

Notes to Table 7.2

The accounting year 1743/1744 is not included in this table. In the Iceland Store Account in RA fol. reg. 140-12 we can find the net loss for 1743/1744, this was presented in Table 7.1. This was because there were separate accounts for every trade station 1743/1744.

The accounting year was based on the results of the summer voyage, lasting during the subsequent period from 1. September till 31. August the following year.

1. The value of imports from the fournitur conto, usually bought during the year preceding the summer voyage but included in the accounts of the subsequent accounting year. Also 25% of the personnel costs were included in this account.
2. All insurance cost of the voyages to and from Iceland was paid from this account.
3. 75% of personnel cost and all freight costs have been put here together because of two reasons. Firstly, for some of the years, the payments to the Glückstadt Store for services rendered in the form of boats and personnel were not separated with respect to these items. Secondly,the company payments to the skipper and his crew were included in the freight costs.
   Exact information regarding the necessary specification for dividing the aggregate figures for freight and personnel into different categories is lacking for several years. It is available for three consequent years, or for 1750-1752 (the accounting years 1750-1753) and it appears that the division of costs was similar for other years:

	Boats rental		Skippers´ doceurs		75% of personnel costs		Total	
1750-1752	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk
Annual average	24445	00	9769	16	12581	31	47695	47
In %	52.2		20.9		26.9		100.0	

Sources: RA fol.reg. 140-1, 140-10, 140-11, 140-12.

4. The payments of the royal income from the Icelandic district officials to the Crown in Copenhagen. The merchants received the payments in commodities of various kinds and paid their value to the Crown according to specific price list (in which the Icelandic products were valued far higher than was the case in the ordinary price list of the trade).
5. This was the value of the exports according to the internal price system of the company. This was the price paid by the Copenhagen and the Glückstadt company stores to the Iceland store for the Icelandic exports. Apparently the idea was that this price should be equal to all the expenditure items in the account, but these were in fact the most important costs of the trade. As the company stores abroad always brought good profits (i.e. the most important ones, in Copenhagen and Glückstadt), the idea apparently was that these profits should cover the annual rental to the Crown and the payments of dividends (and interests). However, this internal price system functioned badly because there was normally a loss, often a huge one, in the account of the Iceland Store, which means that the price paid to it from the company stores abroad was too low.
6. The old stock (conto veteri) is subtracted from the new stock (conto novo).
7. See Note 5. These losses were brought to the gains´ and the losses´ account. There was a loss in this account for every year 1744-1759 except the first one.

TABLE 7.3. Exports from Iceland by Commodities, Towns, Buyers. The Divsion of Exports by Commodity Categories (fish, meat, wool). In Rixdollars Courant. Source: RA fol.reg. 140-10, 140-11, 140-12, the Accounts of the Company Stores in Copenhagen and Glückstadt. (Islandske Retourvahre, Lageren udi Glückstadt).

	1743/44 Rd Sk	1744/45 Rd Sk	1745/46 Rd Sk	1746/47 Rd Sk	1747/48 Rd Sk	1748/49 Rd Sk	1749/50 Rd Sk	1750/51 Rd Sk	
THROUGH COPENHAGEN									
1. Hamburg merchants	1146 64	15422 38	6609 00	8844 00	4593 80	16065 65	9146 48	13132 48	1
2. Danzig merchants	2434 00	1631 00		700 00	700 00	700 00	2066 92	6011 42	2
3. Copenh. St. Accounts	67540 65	76208 77	88366 32	74582 52	82418 68	72363 90	86631 65	75546 18	3
4. Cash payments, Copenh.	5682 39	2829 77	4240 20	593 62		427 55	212 04	434 77	4.
5. The Navy	21250 00	12333 32	20990 00	20083 27	21030 54	16475 07	16038 09	20000 00	5
6. Fabritius & Wever	22434 83	22887 83	23376 39	27146 68	26436 10	26348 10	28346 40	27949 47	6
7. Diverse buyers	1528 12	1374 00		4120 52	3804 78	3864 12			7
8. Amsterdam Store	513 48				790 72		295 48		8
9. Diverse Comp. Stores	2501 30	7423 00	700 00	5421 48	3862 00	1449 00		227 06	9
10. Company servants			202 28	735 94	1382 57	756 22	339 48	293 58	10
11. Total Copenh. Store	125031 53	140110 29	144484 23	142228 19	144839 35	138449 69	143094 66	143595 08	11
THROUGH GLÜCKSTADT									
12. Hamburg merchants	38748 50	27344 67	47570 66	31134 78	20057 63	35270 93	34877 74	38561 68	12
13. Fabritius & Wever	7895 02	5942 94	8236 40	8360 22	8066 37	8087 86	8148 07	7502 69	13
14. Sales in Glückstadt	422 54	1152 52	1068 58	909 82	1417 40	2978 76		1730 76	14
15. Amsterdam Store									15
16. Diverse	40 60		12 00	161 58	334 03	298 80	110 74	190 56	16
Total Glückstadt	47106 70	34440 21	56887 68	40566 48	29875 47	46636 47	43136 59	47985 77	
TOTAL EXPORTS	172138 27	174550 50	201371 91	182794 67	174714 82	185086 20	186231 29	191580 85	
Fish products	62382 01	63576 02	83329 79	66755 16	53203 15	75446 05	73060 21	81336 35	
Meat products	63528 85	67258 28	69979 59	63213 59	70723 18	58336 39	65964 45	63536 89	
17. Wool products	46227 37	43716 20	48062 49	52825 88	50788 49	51303 72	47206 59	46707 57	17
in per cent:									
Fish products	36,2	36,4	41,4	36,5	30,5	40,8	39,2	42,4	
Meat products	36,9	38,5	34,7	34,6	40,5	31,5	35,4	33,2	
Wool products	26,9	25,1	23,9	28,9	29,0	27,7	25,4	24,2	

TABLE 7.3, continued

	1751/52 Rd Sk	1752/53 Rd Sk	1753/54 Rd Sk	1754/55 Rd Sk	1755/56 Rd Sk	1756/57 Rd Sk	1757/58 Rd Sk	1758/59 Rd Sk	
THROUGH COPENHAGEN									
1. Hamburg merchants	15868 04	13124 36	6705 00	7597 87	7375 19	8911 18	9446 57	6024 04	1
2. Danzig merchants	3965 86	4073 77	5283 39	2883 11	2088 28	660 60	1524 00	1826 49	2
3. Copenh. Store Accounts	65629 91	64545 28	57406 30	60610 00	49396 06	39565 92	29106 66	31828 15	3
4. Cash payments, Copenh.	186 94	50 60	545 91	2345 14	6634 49	2884 03	3223 78	5868 81	4
5. The Navy	16666 64	20000 00	17759 62	16655 39	15001 87	6170 22	4571 41	3056 43	5
6. Fabritius & Wever	30393 26	27344 85	5006 93	4826 11					6
7. Diverse buyers				5749 86	18489 92	13346 55	9126 87	11579 11	7
8. Amsterdam Store			7077 50	9548 22	15003 40	5154 35	17695 69	8804 64	8
9. Diverse Comp. Stores			13 69						9
10. Company servants	67 86	541 74	650 28	297 16	336 64	436 86	554 04		10
11. Total Copenh. Store	132778 67	129680 81	100448 78	110512 94	114326 01	77129 83	75249 18	68987 75	11
THROUGH GLÜCKSTADT									
12. Hamburg merchants	42279 04	32310 22	22238 59	20517 07	19374 62	18731 92	27362 09	23679 12	12
13. Fabritius & Wever	8039 17	7711 27	507 07	387 28	93 29				13
14. Sales in Glückstadt	2882 90	905 22	590 92	6032 59	6365 40	5429 94	9920 10	6428 40	14
15. Amsterdam Store			3025 21	2679 36	1976 86	2532 22	914 72	3860 48	15
16. Diverse	313 61	316 22	886 34	424 25	488 95	1546 89	414 94	476 01	16
Total Glückstadt	53514 76	41242 93	27248 21	30040 59	28299 24	28241 09	38611 89	34444 05	
TOTAL EXPORTS	186293 47	170923 78	127697 03	140553 57	142625 25	105370 92	113861 11	103431 80	
Fish products	82480 86	69698 04	52239 72	49886 25	44263 14	40714 82	47540 43	43450 64	
Meat products	54426 49	57294 13	50985 03	51605 20	43516 83	29066 28	21492 43	20080 78	
17. Wool products	49386 08	43931 61	24472 24	39062 12	54845 24	35589 78	44828 21	39900 34	17
in per cent:									
Fish products	44,3	40,8	40,9	35,5	31.0	38,6	41,7	42,0	
Meat products	29,2	33,5	39,9	36,7	30,5	27,6	18,9	19,4	
Wool products	26,5	25,7	19,2	27,8	38,5	33,8	39,4	38,6	

Notes and Explanations to Table 7.3.

This a reconstruction of the credit sides of the accounts of the Copenhagen and the Glückstadt stores, i.e. of payments to these accounts. 1743-1746 there were several accounts for the Copenhagen Store, one for each significant export commodity. 1746 all these were united in the account called Islandske Retour Vahre.

The accounting year was 1. September till 31. August the following year. The exports 1743/1744, thus show the value of export goods brought back by the boats during the Summer trade journey of 1743 which were sold during the following Winter as has been explained in the main text.

1. The Hamburg merchants´ purchases consisted almost solely of high quality dried cod (platfisk, Flachfisch), indeed they were the main recipents of this type of Icelandic products which was brought to Glückstadt from the following ports of trade: Vestmannaeyjar, Grindavik, Bátsendi, Keflavik, Hafnarfjörður, Búðir and Stapi, in short most of the best fishing districts in Iceland. Products from other ports of trade in Iceland went on the other hand directly to Copenhagen. The fish export from there to Hamburg firms went to Lübeck at "the cost and risk" of the Hamburg merchants who took care of its further distribution in Germany as they had done continously since the 16th century. A further discussion of the Hamburg merchants may be found in Chapter 5.3.

   In 1758 the Hamburg firms disappear from the company´s books and do not return during the following decades in the accounting books of the successors of the Third Iceland Company. The Hamburg firms were replaced by the Copenhagen merchant houses Michael Fabritius & Wever, Reinhard Iselin & Comp. and the Altona merchants "Salige Hendr. von der Smissens Söner" (see also Note 6 here below). This was a clear example of the Copenhagen trade expansion of the late 18th century. (See in this context Chapters 7.2 and 8.2).
2. The Danzig merchant was Christian Friese. He bought mainly low quality platfisk according to a specific trade agreement which became functional during the accounting year 1749/1750. He bought the fish which did not meet the quality demands of the Hamburg merchants but which had to be kept out of the Copenhagen market places to keep up the price of the Icelandic fish there.
3. "Copenhagen store" refers to the account of the keeper of the company store in Copenhagen and it is synonymyous with "Aktiv Gields Conto" and "Diverse Debitores Conto" in the company´s books. It applies primarily to customers who bought goods from the company´s warehouse in Copenhagen. The warehouse prices were fixed once a year by the company directors and were the same prices as can be found in Friis & Glamann´s study of Copenhagen "torgeprise" ("market prices"). But for the whole period 1743-1759, there were transactions in these accounts which were not sales to outside customers but supplies for the company´s activities, or 5,3% out of the total. This does not change the fact that this account was the most important record of company sales of Icelandic goods in Copenhagen. More than half of these goods were meat products, mainly salted lamb, skins and hides and tallow. Indeed the non-edible items, the hides and the skins, tended to be the bulk of the Icelandic meat products in Copenhagen market places during times of demographic crises in Iceland. The fish products that were sold were primarily train oil and some stockfish and salted cod. Some wool products were also sold through the store account, also the "odd" commodities making up the group of "diverse products", the most important of these being eiderdown and butter. But exact information about the goods sold through this account can only be found for the years 1743-1746 and 1758-1759. It was therefore necessary to construct weights for the period 1746-1758 which is simply the arithmetic average between 1743/46 and 1758/59 or:

Fish products	31,0%
Meat products	57,5%
Diverse products and wool products	11,5%

4. "Cash payments, Copenhagen". These were Icelandic goods brought to Copenhagen which did not enter the company´s warehouse in the town. Instead the company´s merchants returning from Iceland sold these goods directly to the customers and gave the cash to the company´s accountant. Only some wool products were sold in this way.
5. "The Navy" = "Söetaten". Almost solely Icelandic salted lamb appears in this account, see Chapter 5.5. This account covered also purchases by the Army.
6. Michael Fabritius & Wever, one of the biggest merchant firms in Copenhagen. Till 1753 it bought most of the exported Icelandic wool products, both the exports to Copenhagen and to Glückstadt. In 1753 the company began to sell these products without the help of the Fabritius & Wever intermediary, both to Copenhagen wool merchants ("Hosekræmmere") and to Amsterdam, but in Holland there was a demand for Icelandic mittens and woolen socks, probably as the consequence of the voyages of Dutch fishermen to the Icelandic fishing banks. After the end of the Fabritius & Wever´s "monopoly" regarding the further sale of Icelandic wool products, the firm´s purchases of Icelandic products diminished rapidly until c. 1758 when Fabritius & Wever, together with other firms took over the distribution of Icelandic fish in Germany (see Note 1). The new importance of Fabritius & Wever (and their trade partners) for Icelandic exports continued 1759-1763 (as complaints of Niels Ryberg regarding these firms made clear, see A.A. Rasch, 1964, p. 69), and they were inherited as trade partners by the General Trading Company in 1764. Here they were the most important buyers of Icelandic fish till 1768 when their importance diminished drastically and their registered role ended in 1770, a year before the closing of the Glückstadt Store.(RA fol. reg. 140-172).
7. Diverse buyers in Denmark, especially in Copenhagen, mainly of wool products, with names specified in the accounting books, unlike the buyers mentioned in Notes 3 and 4.
8. The Company´s store in Amsterdam, to which goods were brought from the stores in Copenhagen and Glückstadt. It mainly received wool products, especially after 1753.
9. Diverse company stores outside the Danish realm, or the stores in Stockholm, Königsberg, Lissabon, Marseilles.
10. The company servants´ supplies both for the Iceland and the Finnmark voyages, sometimes also probably including goods to be sold in Finnmark. Supplies were also included elsewhere; see Note 3.
11. "Total Islandske Retourvahre" or the Copenhagen Store. As for further explanation, see Figure 7.2. Goods brought from Glückstadt to Copenhagen or generally from one store to another were only included in the store from which it was sold to outsiders.
12. See Note 1.
13. See Note 6.
14. "Glückstadt purchases" = the purchases from the Glückstadt Store by the keeper of that store in his capacity as a merchant independant of the company.
15. See Note 8.
16. Frequently eiderdown, but also diverse supplies to the company servants.
17. Diverse products, 1% of the total, are included in wool products.

TABLE 7.4. The Iceland Trade Company 1743-1766: Total Value of Shares, Capital Inputs and Outputs from and to the Shareholders.

	SHAREHOLDERS[1]							
	Group 1		Group 2		Group 3		Total	
	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk
Total nominal value of shares 1747-1766	120 000	00	24 000	00	56 000	00	200 000	00
The shares total value was brought about by:								
a) shareholders´ payments	62 077	48	18 415	48	56 000	00	136 493	00
b) increase in share value 1746-1747[2]	57 922	48	5 584	48			63 507	00
Paid dividends 1744-1753[3]	67 460	00	11 492	00	23 641	32	102 593	32
Lost capital 1766	35 400	00	7 080	00	16 520	00	59 000	00
Total profit,[4] i.e. increase in share value + paid dividends - lost capital =	89 982	48	9 996	48	7 121	32	107 100	32
Total profit as percentage of shareholders´ payments	% 144,95		% 54,28		% 12,7		% 78,47	
Number of years with capital in the company[5]	No 18		No 16		No 14			

Notes to table 7.4.

1. The first group of shareholders were the founders of the company who mainly came from the ranks of the Chandlers´ Guild (Hörkræmmerlaget). This group dominated the company all the time. The second "group" joined the company in 1746; 12 new shares were sold to outsiders, 10 of which were bought by the rich merchant Andreas Björn. The third group joined the company late in the year 1747, the new shareholders belonging to the social and economic upper strata of the Copenhagen merchants, unlike the members of the Chandlers´ Guild.
2. The general meetings of the shareholders decided to use parts of the profits not for paying out dividends but for keeping them inside the company by raising the value of the existing shares.
3. Including the payment of 121 rd 32 sk in gold metals in 1752.
4. The Iceland Trade only brought total profits of 23635 rd 47 sk according to the merchants´ accounting books (and after the payment of the rental to the king). But the Finnmark trade brought a total profit of 83464 rd 81 sk; thus the profits of the company was altogether 107100 rd 32 sk.
5. As the repayment of the capital 1759-1766 was made through various installments, it is difficult to find out precisely for all the owners´ groups when the repayment of capital stopped and the delayed payment of profits started.

Source: Hovedbogen, RA, fol. reg. 140-12.

TABLE 7.5. Comparison between exported quantities 1733-1742 and 1743-1746 of different commodities.

The most important commodities are included or what was 95% of all exports 1743-1746.

Most commodities are shown here in metric tons = t.

ANNUAL AVERAGES	1733-1742	1743-1746	Increase or decrease 1733/42 to 1743/46 in %
Grov Platfisk	732	717	- 2.0
Other Platfisk	134	140	+4,5
Hengefisk & Klipfisk	76	80	+5,2
Salted Torsk	68	58	-14,7
Fish Total	1010	995	-1,5
Train oil	81	60	-25,9
Total fish products in tons	1091	1055	-3,3
Oxekiöd, Kiöd, Faaretunger	603	740	+22,7
Tallow	72	94	+30,6
Total meat products in metric tons	675	834	+23,4
Bunter Saltede Faareskind	18696	23210	+24,1
Hoser og Enkelbaands Vanter	207129	181801	-12,2
Dobbel Bands Gods i Rd.	4509	5120	+13,6
Wool, total, in tons	43,2	46,6	+7,9

Sources. For 1733-1742: Lbs. 86 fol.
For 1743-1746: RA fol.reg.140-12.

Notes to Chapter 7

1. The English translation used here is the Chandlers´ Guild. Both the Danish and the English versions will be used here. A literal translation of Hörkræmmerlaget would be the Flaxmongers´ Guild. This was because the first commodity mentioned in the royal charter of 1722 was flax (=hör). This name was obviously somewhat misleading for a merchant guild which was mainly occupied with the sale of food products.
2. Þórólfsson, 1939:1, p. 184.
3. Þórólfsson, op. cit. Several points here about Hörkræmmerlaget´s takeover of the Icelandic trade related here are taken from the work of Björn K. Þórólfsson, 1939.
4. Þórólfsson, op. cit.
5. One of the persons supporting the Iceland company in this strife was Otto Thott (in 1735). (See Kristofer Glamann: 1966, p. 97).
6. A record of this auction has been preserved in the Danish State Archives (RA, Rtk. 372-46). See Figure 7.1.
7. Lovsamling for Island, vol. 2, p. 394.
8. Lovsamling for Island, vol. 2, p. 559-560.
9. Lovsamling for Island, vol. 3, p. 277-281.
10. Ibid. p. 281-283.
11. Ibid. p. 282.
12. The agreement of 1747 in Aðils, 1919, p. 193. The agreement of 1733 in Deliberationsprotokol, Islandsk kompagni 1733-1742, Stadsarkivet, p. 55
13. Hörkræmmerlaget´s company was often called the Third Iceland Trade Company.
14. Lovsamling for Island, vol. 3, p. 279.
15. This comes still better forward in Tables 3.2 and 10.3 showing how Icelandic exports were divided between the different commodity categories.
16. Bech, Hans Christian, 1781, J. S. 37 Fol. p. 51.

17. Two works based on the accounting books of the Iceland Trade Company 1743-1759 have recently been published, the work of Sören Rudolph Christensen 1979 and the work of Jón Kristvin Margeirsson 1978. (See bibliography).
Margeirsson´s short article is a minor part of his large work about Icelandic trade history which, unfortunately, has not yet been published and thus made available to other scholars.
In his work, Christensen put the Icelandic trade into the general framework of current economic activities in Copenhagen at the time. This is the chief asset of his work and is of great use. But it did not include any cost analysis of the company nor indeed any deep-going study of the merchant´s accounts. Hence, the author, wrongly, maintained that the merchants´ books did nor include good information about the value of the Icelandic exports (p. 59), that Icelandic wool products never played a dominant role in the exports (p. 66), that fish exports usually yielded considerable losses (p. 82), that most participants in the Iceland trade made losses in that trade (p. 88).
18. Trade agreements were reached directly between the Copenhagen trade companies and the Hamburg merchant houses. A further discussion of the Hamburg merchants and Glückstadt is found in Chapter 5.3.
19. In Lbs, 86 fol, which is an excerpt made by Skúli Magnússon from the ledger of the Iceland trade company of 1655, it is mentioned that all the exports from the harbour Stapi were in Amsterdam and hence not included in the ledger. At the same time all the exports from four harbours were in Glückstadt and hence not in the ledger either. See also Jón Aðils, 1919, p. 694.
20. RA fol. reg. 140-172 (Hovedbog for den Islandske-Finnmarkske Handel).
21. Lovsamling for Island, vol. 4, p. 63. (See also Note 52 in Chapter 8.2.).
22. RA fol. reg. 140-172, op. cit. See also Chapter 8.2 for a further discussion regarding this subject.
23. RA fol. reg 140-1, 140-2
24. See the discussion of the company´s shares in Chapter 7.5.

25. The take-over of the Finnmark trade is also discussed in Chapter 7.5 (see the text adjoining footnotes 13-16).
26. Hannes Finnsson in Mannfækkun af Hallærum p. 80: "1747 there were great frosts .... and very small fish catches, 4 or 5 in Akranes died out of misery".
27. Friis and Glamann: vol. 1, 1958.
28. See Table 3.5, also Table 10.3
29. It is not possible to find out which of the import goods the company had bought or was planning to buy was intended for the Icelandic trade and which was intended for the Finnmark trade.
30. Also the imported volume of the grain product Danish brandy was rather constant despite the rising prices (from 4,75 skillings per pot in 1756 to 7 skillings per pot in 1757. RA fol.reg. 140- 1). The annual import of Danish brandy was c. 60 000 litres 1760-1763 (Lbs 86 fol.) and the quantity apparently came close to that figure during the whole period 1743-1759, the years of starvation not excluded.
31. In the cash books of the Third Iceland Company (RA fol. reg. 140-13, 140-14, 140-15) there are records of the quantity of some goods bought by the company, with the names of the respective sellers. When it comes to grain, the lists of names become very long. During the year 1750, when the price of grain was very low, no less than 277 men sold grain to the company. These sellers came from all over Denmark and apparently from different social ranks, some were rich merchants, others were probably only millers or peasants; the individual sales varied from one barrel to 1256 barrels. The sellers' distribution during years of high grain prices, such as 1755 and 1756, was also large, although smaller than in 1750, there were 59 sellers in 1755, not a single name of the sellers in 1750 were repeated in 1755, indicating a really large "supply" of the sellers of grain. This type of purchases indicates that the company really tried hard to get significant quantities of grain at as low prices as possible.
32. RA fol. reg. 140-15.
33. Once again the fact must be emphasized that this was a barter trade and the prices were fixed in Iceland, regardless of the price fluctuations abroad.
34. There is information about the normal Copenhagen warehouse prices of the company for each year in Deliberations- and Subskriptionsprotokol RA fol. reg. 140-1. These prices were more or less the same as we can find in the official price records of Copenhagen market prices which Friis and Glamann have compiled in History of Prices in Denmark, vol. 1, Copenhagen 1958. This most probably means that the market income of the intermediary detail merchants was not included in these official price records (which were published in newspapers). The prices of these Icelandic products were included in the book of Friis and Glamann: Stockfish, train oil, tallow, "klipfisk", salted lamb, salted codfish.
35. Fixed costs = freight costs, personnel costs, the annual rental to the crown. Variable costs = Insurance and the cost of imports to Iceland. See Table 7.2. "The Company Store in Iceland", Table 7.1 "Gain and losses from the trade 1743-1766", also Figure 7.2, "Description of the monopoly trade structure".
36. Hovedbogen (RA, fol. reg. 140-12), Inventarikonto. See also Christensen, 1979, p. 57.
37. See Table 7.3 "Exports from Iceland...". Gross income from the trade is the total value of exports as the imports were in the prevailing barter trade the "money" used for buying the exports. After 1753 this gross income declined due to the years of hardship.
38. RA fol. reg 140-12 op. cit.
39. Christensen, op. cit. p. 90, succeeded in identifying the profession of the owners of 48 shares. 75% of these shares, or 36, were in the hands of Hörkræmmere.
40. RA fol. reg. 140-12 " Vinden og Tab Conto". This was the interest cost company as a whole regardless if it involved the Iceland or the Finnmark trade. In Table 7.1, i.e. the presentation of this account, the Iceland trade part of this expenditure has been estimated for each year according to the rule laid down in the Company´s Saldeer og

Balancer Bog, RA fol. reg. 140-16. (66.7% of the interest costs due to the Icelandic trade).

41. Interests paid to or received from customers were included in the particular customers´ accounts. For instance, interest paid due for the hiring of ships were included in the freight costs (which are shown in Table 7.2 "the Iceland Store".
42. The annual rate of interest was 4% for long term loans from the most important bank, Kurantbanken, 5% for long term loans from other banks, 6% for short term loans. See Erik Rasmussen 1955. Erling Olesen 1962, p. 242.
43. See Table 7.4.
44. See note 40 to this chapter.
45. See Table 7.3.
46. See Figure 7.1
47. RA fol. reg. 140-12, op. cit.
48. Ibid.
49. Ibid.
50. Titles such as "Höygrevelig", "Hans Excellentz", "hr Geheimeraad", "hr Cammerherre", "hr Conferenceraad", "hr Etaatsraad".
51. Lbs. 93 fol. Printed in Aðils 1919, p. 701-714.
52. Indeed, age was given priority in the advancement in the hierarchial the "workman" should become "second merchant" (Under Kiöbmand) who in turn could advance to become "first merchant" (Ober Kiöbmand). (Lbs. 93 fol, Article 13). The number of company servants in Iceland was high, there were 46 merchants (of first and second rank) and 161 other servants. (Lovsamling for Island, vol. 3 p. 342, also Aðils, op. cit. p. 310).
53. Christensen, 1979, has made a study of Hörkræmmernes control of the company (p. 55).
54. Compagniets Kassejournal, Compagniets Hovedbog (RA fol. reg. 140, 10 and 12).
55. Hans Christian Bech, op. cit. p.51. Magnús Stephensen, wrote the following epigram about Hörkræmmernes Iceland Company in his review of the 18th century events and situation in Iceland: "No trade company practised more tyranny towards Iceland than this one, it suppressed, exploited, distroyed..." (p. 302 in "Island i det Attende Aarhundrede", Kjöbenhavn 1808).
56. The German historian R. Ehrenberg described the trade of the Hamburg Islandfahrer during the late 16th century, who had all the above mentioned characteristics of the Iceland merchants 1743-1758, as medieval phenomena of archaic (altherthümlich) nature and out of tune with the 16th century practice. R. Ehrenberg, 1899, p. 24.

Appendix to Chapter 7:

INNRÉTTINGARNAR

The most spectacular innovation in the economic life of 18th century Iceland was the so called Innréttingarnar. These were factories built in Iceland during the 1750s, mainly in Reykjavik and primarily for textile manufacture. For a while, the management of two decked vessels was an integral part of the finances of these institutions.

Quantitatively, Innréttingarnar are not of great importance for Iceland´s economic history. The absolute maximum employed in these institutions seems to have been less than 100 people at a time; the chief proponent of this venture (who naturally was Skúli Magnússon), thought that the ideal maximum was 150 people, a number which was hardly ever reached.[2] The Icelandic working population in 1703 was around 34 500 people and was slightly lower during the second half of the century[3] The total expenditure of all the institutions when the activities reached a zenith was, for the period 1752-1759 (8 years), 93 526 rixdollars, or an annual average of some 11 691 rd.[4] This was less than 10% of the value of Icelandic exports during the same period, despite the fact that this value was then much lower both before and after this period. In normal times it would have come close to 5% of the total value of exports. After 1759, the economic importance of Innréttingarnar began to decline, absolutely and, above all, relatively.

The importance of these institutions is, however, not merely measured in quantitative terms. Like industrial establishments in the spirit of mercantilism in other countries, the Icelandic textile venture served the purpose of an industrial school and it stimulated urbanization: in Iceland´s case it created the first urban center in the country´s history, a community called Reykjavik. Although the 18th century textile factories did not continue to exist during the 19th century, the urban center created by them continued to expand, revolutionizing the commercial, transport and the administrative aspects of the Icelandic society.

The start capital of Innréttingarnar was mainly provided by the Crown.[5] During a period of six years, the Crown contributed 61 097 rd.[6] The shareholders, all Icelandic Crown officals, contributed 3 100 rd, and 1760-1764 the Icelanders paid in additional 3 150 rd;[7] their total contribution was thus 6 250 rd.

The activities of Innréttingarnar brought considerable losses, but it does not look as if the Crown gave further subsidies to the business due to these losses. Hence the start capital provided by the Crown was, apparently, the sole state support. During the period of subsidies to Innréttingarnar (1752-1757), the Crown revenue from the monopoly trade was 94 084 rd. This means that from 1752 to 1757 the Crown received 32 987 rd more in revenue from the monopoly trade than it gave in subsidies to the Icelandic manufactures during the same period. The subsidies were the only economic support of importance given to Iceland by the Crown prior to 1774;[8] during the whole monopoly period, on the other hand, the Crown acquired much capital from the Icelandic trade.

The losses of Innréttingarnar 1752-1764 have been estimated at 16 007 rd,[9] but the loss due to the decked vessels or the costs due to agricultural improvement have not been included in that figure. These losses obviously obliterated largely the start capital provided by the Crown. Nevertheless, the shares´ value of Innréttingarnar were estimated at 25 000 rd in 1763 when it was decided that the General Trading Company should take

over the Icelandic manufactures as well as the monopoly trade. This meant that the story of Innréttingarnar as a separate company had ended.[10]

The property of Innréttingarnar was paid with 50 shares in the General Trading Company, each worth 500 rixdollars. Various Icelandic district judges, prefects and dignitaries of the Church suddenly found in their possession shares in a trading company situated in Copenhagen, the administration of which they had nothing to do. (The registrated number of shares in the General Trading Company was at that time 1000).

The Icelandic landowners and Crown officals had never intended to participate in foreign trade and were not ready to fullfill the obligations brought by the ownership of the shares. In April 1765, the general meeting of the Company decided to raise the value of each share by 100 rd.; each shareholder should pay that amount of money.[11] This created a real crisis of confidence between the leading Icelanders and the General Trading Company: to the Icelanders increasing the value of the shares by demanding money from the shareholders appeared only as foreign taxation and they were united in refusing to pay it.[12] This conflict led to another and it is undoubtedly no coincidence that shortly after the Icelanders refused to pay the additional price for the shares, the General Trading Company took steps to reduce the activities of Innréttingarnar, even to destroy the enterprise. After all, it brought losses.

A special committee of investigation decided that the Icelanders should pay the 5000 rd. and when the payment was not forthcoming, 22 shares were sold at a public auction in Copenhagen for the payment. This means that the current market value of each share was, at the time of the sale, 227 rd. (while the official value was 500 rd.).

In 1774, the Crown bought the General Trading Company for 300 000 rd.[13] Included in the purchase were the Reykjavik manufactures.[14] According to the company's own version, its loss due to Innréttingarnar was 40 000 rd. during the period 1765-1774.[15] But as we must do with other official reports of the company, this information must be taken with a grain of salt. According to another source, the total loss from the Icelandic textile manufactures 1764-1774 was 22 462 rd.[15] These figures should be compared to the total profit the company acquired from its Icelandic economic activities (of which the manufactures were a part) during this period, but this profit was 53 524 rd.[17]

The story of Innréttingarnar from 1774 onwards is one of gradual decline. The manufactures naturally brought losses, but these were not dramatic.[18]

The manufactures were in Royal possession till 1799 when they were sold to private persons for 2 604 rd.[19] During the winter of 1802-1803 they closed down and thus survived the monopoly trade by almost 16 years.

Skúli Magnússon gave the following reasons for the difficulties of the Reykjavik manufactures: Bad weather, the sheep disease (which eliminated for some time the possibility of getting Icelandic raw material for the textile factories), the indifference of the Icelandic people and the opposition of the monopoly trade merchants. One historian has recently added a further plausible cause; the enterprise having been too big in relation to the market.[20]

An explanation similar to the last one has indeed been given for the relative failure of most 18th century manufacture in most countries: The mercantilists/cameralists did not take into account the rules of the market: possibilities to sell the products were limited because the great majority of the households relied mostly on their own home-made production.

Describing the general European situation, one author has stated: "there was a profound lack of balance between their (the 18th century manufactures') progressive character (technologically and organisationally) and the social and economic setting within which they were promoted."[21]

This description could very well be applied to the Icelandic manufactures of the 18th century. Their lack of direct continuity with later development was in good harmony with similar phenomena in other countries, for instance in Denmark and Sweden,[22] But, as has been stated in the beginning of this chapter, this kind of failure is not the only justifiable criterium for estimating the value of the project.

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1. The literal translation of the word is "the institutions". A good deal of research has been done regarding the subject, some of it of recent origin. See, for instance, Jón Aðils 1911 and 1919, Lýður Björnsson 1974, Gísli Ágúst Gunnlaugsson 1982. The extensive research which has been carried out, and apparently still is being carried out, regarding these institutions is one reason why I am not studying these in detail through the use of primary sources. Instead, I rely primarily on the use of secondary sources in this summarized account of Innréttingarnar. This version has the purpose of emphasizing certain important aspects of the phenomenon and to put it into the context of this work.
   The manufacture of textile in an urban center in 18th century Iceland was a very peripheral phenomenon in the Icelandic economy and does not illustrate its pecularities. The quantitative insignificance of these institutions is indicated in this study. Even the failure of these institutions may be better explained in the international context of 18th century mercantilist manufactures than by the archaic status of the Icelandic economy. One explanation, however, does not exclude another.
2. Lýður Björnsson, 1974, p. 132-133.
3. The age group 15-64 is defined here as "working population".
4. Aðils 1911, p. 114.
5. The Crown's support to the Icelandic manufactures was in good harmony with the generous state subsidies, which were then giving to new enterprises during this period in most European countries, including Denmark. (Feldbæk, 1974, p. 119-121).
6. Lýður Björnsson, p. 124. According to Ryberg, 1761, the total amount which the Crown had by then paid to Innréttingarnar was somewhat higher, or 75 000 rixdollars. (A.A. Rasch, 1964, p. 75). There is no information as to how Ryberg made this calculation and he was definately wrong in another instance; in his estimation of what the Icelanders had paid to Innréttingarnar. Here his figure was certainly too low.
   The historian and nationalist politician, Jón Sigurðsson, estimated in 1862 that during the whole 18th century the Crown's subsidies to Innréttingarnar were altogether 100 000 rixdollars. (Ný Félagsrit XXII, p. 51).
7. Lýður Björnsson, 1974.
8. With the possible exception of the period 1759-1764, when trade was administered directly by the Crown at its own risk. But as will be shown in Chapter 8.1, this trade apparently brought more profits than losses.

9. Lýður Björnsson, p. 128.
10. Ibid, p. 124.
11. Aðils, 1911, p. 167.
12. Ibid, p. 167-174.
13. This means 300 rixdollars per share, but the company's official value of these shares was then 600 rixdollars for each.
14. After a long-lasting controversy, the Icelandic shareholders reached an agreement with the new owner of the company in 1779. According to this agreement the Crown promised to pay the Icelandic "shareholders" almost 15 000 rixdollars; thus, they fared much better by the Crown's take-over than the ordinary shareholders had done five years previously. Naturally Skúli Magnússon was the biggest Icelandic shareholder and it was he who persuaded the government to accept this agreement. (Aðils, 1911, p. 200-202).
15. Lovsamling for Island, vol. 4, p. 73.
16. Aðils 1911, p. 205.
17. See Table 8.2 and the adjoining text.
18. The annual average loss of the Reykjavik textile manufactures from 1774-1784 was 1290 rixdollars. (Aðils, 1911, p. 209).
19. Lýður Björnsson, 1974, p. 136.
20. Ibid, p. 137.
21. Supple, Barry: The State and the Industrial Revolution 1700-1914, p. 313.
22. Ole Feldbæk, 1974, p. 199-202, has given a good summarized account of the Danish experience. As for Sweden, we have both Hecksher's rather one-sided condemnation of mercantilist manufactures (1941/1957) and Per Nyström's sophisticated study of the same subject (1955).

8. THE ICELAND TRADE 1759-1774.

8.1 An Interlude: The Royal Trade from 1759 to 1764

When the Chandlers´ Guild Iceland Company was forced to give up the Iceland trade in 1757 the trade was in very bad shape as indeed the Icelandic economy was as a whole. It was hardly tempting for anyone to take over the Iceland trade in these conditions.

Time was now ripe for people with new ideas to suggest changes in the Iceland trade. "The people" was of course Skúli Magnússon and his associates. He wrote down a variety of suggestions. One was to save money for the Crown and at the same time to stimulate the Icelandic economy by decreasing the number of ports of trade from 24 to 5, but the remaining five were to be developed into important trade centers for the permanent residence of merchants and various craftsmen.[1] The Crown liked the savings part, the decrease in the number of the ports of trade, but not the expensive part: the development of the remaining trade centers.

Another idea of Skúli Magnússon was that the Icelanders themselves should establish a new trading company based on Danish credit and with security in privately owned Icelandic land. But there was no credit available in Denmark for this purpose.[2]

His third idea was that Innréttingarnar in Reykjavik should take over two ports of trade with the Danish merchants taking over the rest.[3] This was considered as being too provocative for Danish merchants and therefore it was decided that the Crown should take over these two ports of trade. This, however, proved to be impossible to carry out, because all attempts to hire out the remaining harbours through public auctions were totally unsuccessful.[4]

The result was that the Crown was compelled to take over the whole Iceland trade. Boats in the service of the Crown sailed to Iceland during five summers 1759-1763. After a rather catastrophical first year with an inexpensive reconstruction of Skúli Magnússon´s primary idea of five ports, there was a return to the old trade system of 24 ports of trade with about 20 boats.

One basic difference between the Royal Trade of 1759-1763/1764 and the Royal Trade of 1774-1787 must emphasized. During the first period the Crown took over the trade out of pure neccessity, contributing little or no risk capital into the trade and tried to get rid of it as soon as possible. During the second period the Crown took over the trade for developing its North Atlantic provinces, adding much risk capital with the intention that the Crown´s glory and its provinces might thereby benefit.

In January, 1760, a very bright young businessman in Copenhagen, Niels Ryberg, was employed as the director of the Royal Trade. He remained at that job while the Royal Trade lasted, or till 1764, apparently achieving good success, at least if the miserable trade conditions in the beginning are taken into account.[5]

No person involved in the Copenhagen trade monopoly in the 18th century Iceland dominated it to such a degree as did Niels Ryberg from 1760-1763/1764. A description of the trade during this period is largely a biographical note of Ryberg. His innovations in the Iceland trade and indeed the Icelandic economy as a whole are discussed in depth in another context, such as the various measures to improve the Icelandic fisheries. He, in fact, suggested a fundamental reconstruction of the Icelandic

economy which would have turned Iceland into one big fishing station with a highly mercantile character, perhaps of the 18th century Shetland model.[6] These ideas were mostly rejected because they went too far with regard to general conservative opinion both in Iceland and in Copenhagen. There is, however, a great similarity between the ideas of Ryberg and those of Skúli Magnússon, despite the fact that they became enemies: They disagreed about the use of the Reykjavik manufactures. Ryberg apparently did not think that there should have been any manufactures in Iceland at all.[7]

The accounting books of the Royal Trade 1759-1763/1764 have been lost. Neither the general ledger, the cash journals nor any other books regarding the trade's central administration have been preserved.[8] This means that no profit/cost analysis of the monopoly period 1759-1763/1764 can be made.

Although Skúli Magnússon had access to various trade documents regarding the period 1759-1763, which now apparently have been lost,[9] he did not know when he wrote his work in 1786 exactly what was the gain or loss of this trade.[10] He estimated, however, that the difference in the annual income and expenditure of the whole Iceland-Finnmark trade from 1759-1763/1764 was a loss of 3 239 rixdollars.[11] But some income and expenditure items were not included in this estimation.[12] According to Skúli Magnússon in 1786, the Royal Trade paid the Chandlers' Guild Iceland Company 100 843 rixdollars for warehouses, outstanding debts etc. and sold the same to the General Trading Company some years later for 96 622 rixdollars.[13]

This meant a total loss for the whole period of 4 221 rixdollars or 844 rixdollars as the annual average. Whichever estimation of Skúli Magnússon is used, it is obvious that the period 1759-1763/1764 as a whole brought no dramatic losses to the Copenhagen monopoly trade in Iceland.

There is indeed some evidence suggesting that things were improving in the trade during this period. Firstly, the trade was considered to have been profitable in 1763 which had not been the case in 1758.[14] Secondly, the merchants' commodity terms of trade were relatively good around 1760/1761, mainly because of low grain prices. Thirdly, there is the statement of Niels Ryberg in 1764 that during the preceding four years (1760-1763) the trade profit had been altogether 50 000 rixdollars whereas there had been a considerable loss earlier, including the first year of the Royal Trade.[15]

In 1768 Niels Ryberg, as a shareholder of the General Trading Company, described the Iceland Trade as a profitable business as will be related in the following chapter.

8.2 The General Trading Company's Icelandic Trade 1764-1774

The company taking over the Icelandic trade in 1764 was the General Trading Company. This was one of the biggest trade companies of 18th century Copenhagen; it had been founded in 1747 with a share capital of 50 000 rixdollars (of which 300 000 were paid in the beginning) "with the aim of building up a transit trade between the Baltic and the Mediterranian. It took over the North Atlantic whale fisheries as well".[16] Also the Greenland trade was attached to the company from its beginning. It carried out some classical triangular trade with slaves and sugar and established trade stations in Africa and in St. Croix in the West Indies.

Economically this company was more or less a disaster. When the Iceland and the Finnmark trade was given to the company 1763-1764, it was in a very

bad financial state. In the words of one historian: "In my opinion there is no doubt that after the peace treaty in 1763 and the price fall following it, the company had destroyed a good deal of its own capital and especially its liquidity. It had made some profit out of the Greenland trade and it obviously was most successful in business where there was no competition with private merchants".[17] The Company´s acquisition of the Iceland-Finnmark trade monopoly 1763/1764 was thus partly a measure to save it from economic ruin. The following 10 years of the company´s activities seem to have ratified this judgement. The Iceland-Finnmark trade brought some profit, but this was far from being sufficient to counterweigh the losses which other trade activities brought to the company.[18]

Table 8.1 shows the gains´ and the losses´ account of the Icelandic sector of the company´s trade 1764-1774 from one year to another, but the accounting year was 1. September till 31. August the following year. Table 8.2 shows the same results in a more concise form, with the total results of the company added together. There was an annual average profit of 3 938 rixdollars a year. This was not much. The total value of goods exported by the company from Iceland 1764-1774 was calculated as an annual average, 229 024 rixdollars.[19] The profit of the company thus constituted only 1.7% of its total income.[20] But nevertheless, this was net profit; it was not loss. The results for the individual years will be better described here below.

The bad state of the activities fo the General Trading Company for trade other than the Iceland-Finnmark one came clearly forward in the economic results of the accounting year 1773/1774 as we can see in Table 8.2.[21] When the accounts were closed for that year, the Crown had taken over the trade and it brought over to the Gains´ and Losses´ Account of the Iceland-Finnmark trade all other activities of the company 1773/1774. These mainly consisted of losses, especially because of the liquidation of the company´s West Indian trade. Almost 30 000 rixdollars were paid for covering the losses of the St. Croix trade station.[22]

Due to the change in the ownership of the company 1774 there were various technical innovations in the book-keeping methods. What was left in the company´s Advanced Fund[23] was plunged back to the Gains´ and Losses´ Account, also the aggregate profits of the Insurance Fund were then transfered to that account.[24] A "gain" from the account of "doubtful capital originating among the previous owners of the company" was also transfered to the income side of the Gains´ and Losses´ Account, also a minor fund of "separate capital", or: (Gains 1773/1774) + (Doubtful Capital Fund) + (Separate Capital Fund) + (Advanced Capital Fund) + (Insurance Fund) = (Losses 1773/1774) + (The General Trade´s Closing Balance). The last phenomenon would normally be defined as net profit but it was in this context only a book-keeping device.

For finding out the trade income for the current year 1773/1774, all the internal funds may be disregarded except the insurance fund and "the separate capital fund for distribution among the owners".[25] The profits plunged back from the Advanced Capital Fund had already bee included in the figures for previous years. The "income" from the "Doubtful Capital Fund" did not originate in the trade.

TABLE 8.1. Gains and Losses Account, with additions from the Insurance Account, of the General Trading Company's Icelandic trade 1764-1774.
Source: RA fol. reg. 140-172. (The Company's general ledger):

	1764/65 Rd Sk	1765/66 Rd Sk	1766/67 Rd Sk	1767/68 Rd Sk	1768/69 Rd Sk
GAINS.					
Copenhagen Store	21607 53	23836 62	16384 05	26587 44	30485 91
Glückstadt Store	24006 63	21061 07	15034 67	18217 79	7441 67
Bilbao Store			305 88		3248 77
Livorno Store				1318 27	6370 60
Other W-Eur. Stores[1]		161 70			
Other S-Eur. Stores[2]					
Remaining gains[3]	457 66		4950 16	211 24	
Total gains	46071 86	45059 43	36674 80	46334 78	47547 07
LOSSES					
Rental to the Crown[4]	7000 00	7000 00	7000 00	7000 00	7000 00
Iceland Store	22517 88	22147 14	31503 89	29372 79	31833 09
Interest Account[5]	1186 35	2133 45	4092 51	2837 93	2696 57
Diverse costs[6]	6976 58	5806 18	5597 29	5678 42	5596 81
Houses costs[7]		757 45	1568 53	2799 24	2473 39
Remaining losses	1276 87				5 87
Total losses	38957 76	37844 26	49762 30	47688 46	49605 81
Gains - losses	+7114 10	+7215 17	-13087 46	-1353 64	-2058 74
Insurance profits[8]	+ 936 18	+4180 38	+8888 10	+6751 78	+3699 64
Total profit or loss	+8050 28	+11395 55	-4199 76	+5398 14	+1640 86

	1769/70 Rd Sk	1770/71 Rd Sk	1771/72 Rd Sk	1772/73 Rd Sk	1773/74 Rd Sk
GAINS					
Copenhagen Store	39566 95	38646 80	50854 84	40149 48	34737 14
Glückstadt Store	13307 42	15784 29			
Bilbao Store	3094 00	2323 94	7220 50	6632 63	7368 92
Livorno Store	4688 89	1348 39	10857 75	2316 04	
Other W-Eur. Stores[1]		334 88		5366 31	
Other S-Eur. Stores[2]	1337 56	3048 42		1575 56	5422 69
Remaining gains[3]	66 84	39 95	186 16	65 20	4653 41
Total gains	62061 83	61526 83	69119 33	56105 30	52182 24
LOSSES					
Rental to the Crown[4]	7000 00	7000 00	7000 00	7000 00	7000 00
Iceland Store	32402 31	32785 36	34853 66	58990 75	70863 77
Interest Account[5]	2247 11	1866 64	2181 20	2080 56	2369 16
Diverse costs[6]	4886 17	5287 81	5754 77	4587 02	4701 08
Houses costs[7]	2253 58	1993 10	2063 43	2373 72	2456 24
Remaining losses					6443 13
Total losses	48789 21	48932 95	51853 14	75032 13	93833 42
Gains - losses	+13272 57	+12593 84	+17266 19	-18926 79	-41651 18
Insurance profits	+ 6810 35	+ 6661 81	+ 6805 09	+ 7127 85	+ 7144 22
Total profit or loss	+20082 92	+19255 69	+24071 28	-11798 90	-34506 92

Notes to Table 8.1

1. The company stores in Nantes and Amsterdam
2. The company stores in Cadiz, Barcelona and Trieste.
3. The Fournitur Conto was invariably included here, (see Figure 7.2).The gain in 1766/1767 was mainly due to the sale of a warehouse. The gain 1773/1774 consisted of the following items:

Fournitur conto	1297 rd 47 sk
Mörske fisheries in Iceland	2947 rd 94 sk
Separate capital for distribution among the owners (75% of the total)	408 rd
Total	4653 rd 41 sk

4. The rental to the Crown was paid directly to the Greenland trade as a subsidy from the Crown.
5. 66.7% of the interest cost to the Iceland trade, 33.3% to the Finnmark trade. See Note 4 to Table 7.1.
6. 75% of Handlingsomkostnader to the Iceland trade, 25% to the Finnmark trade. See Note 5 to Table 7.1.
7. Houses and Warehouses rental. In the general ledger no differentation was made regarding the division of costs of the central administration between the Iceland and the Finnmark trade sectors. For the interest account, diverse cost account (Handlingsomkostnader) and the fournitur account, the cost division found in Saldeer og Balanceer Bogen (RA fol. reg. 140-16) 1755-1759 has been used for the period 1764-1774. As there was no account dealing with the trade's tenancy of houses during the previous period, the most common example found in other accounts regarding the cost division between the Iceland and the Finnmark trade was used for the houses' and warehouses' rental account, or 75% for the former and 25% for the latter.
8. See Note 24 to the main text in this chapter.

In Table 8.2, we can see that the net gains of the company from the Iceland-Finnmark trade 1764-1774 with the losses from other trade 1773/1774 subtracted was 25 211 rd 85 sk. The correctness of this figure is ratified by another calculation method.

The positive balance brought to the General Trade's Closing Balance was 63 628 rd 69 sk. There had been one payment of dividends from the company's Advanced Capital Fund to the shareholders, 10 000 rixdollars in December 1765. The shareholders had provided capital of 48 416 rd 80 sk (through the account of "doubtful capital"). The result is the following:

	+ 63 628 rd 69 sk
	+ 10 000 rd
	- 48 416 rd 80 sk
	+ 25 211 rd 85 sk

In 1768 one of the shareholders of the company, the rich and famous merchant Niels Ryberg, demanded that the company's trade should henceforward be restricted to profitmaking endeavours, which in this context meant the

Table 8.2

The Company's Accounts for Gains/Losses & Insurance. Different Sectors.

Gains' and losses' account

	Iceland	Finnmark	Other trade	All trade
	Rd Sk	Rd Sk	Rd Sk	Rd Sk
1764/1765	+ 7114 10	+ 9671 36		+16785 46
1765/1766	+ 7215 17	+ 2612 20		+ 9827 37
1766/1767	-13087 46	+ 642 23		-12445 23
1767/1768	- 1353 64	+ 4884 84		+ 3531 20
1768/1769	- 2058 74	+ 5336 64		+ 3277 86
1769/1770	+13272 57	+ 3518 20		+16790 77
1770/1771	+12593 94	+ 1166 66		+13760 54
1771/1772	+17266 19	- 8604 68		+ 8661 47
1772/1773	-18926 79	- 4581 59		-23508 42
1773/1774	-41651 18	-13178 25	-28793 55	-83623 02
1764/1774	-19615 94	+ 1467 65	-28793 55	-46941 84

Insurance account

	Iceland	Finnmark	Other trade	All trade
	Rd Sk	Rd Sk	Rd Sk	Rd Sk
1764/1765	+ 936 18	+ 205 48		+ 1141 66
1765/1766	+ 4180 88	+ 875 24		+ 5055 62
1766/1767	+ 8888 10	+ 1476 67		+10364 77
1767/1768	+ 6751 78	+ 1574 29		+ 8326 11
1768/1769	+ 3699 64	+ 1741 48		+ 5441 16
1769/1770	+ 6810 35	+ 1497 92		+ 8308 31
1770/1771	+ 6661 81	+ 1223 39		+ 7885 24
1771/1772	+ 6805 09	+ 1244 38		+ 8049 47
1772/1773	+ 7127 85	+ 1543 44		+ 8671 33
1773/1774	+ 7144 22	+ 1765 68		+ 8909 90
1764/1774	+59005 56	+13148 17		+72153 73

Gains' and losses' account and insurance account

	Iceland	Finnmark	Other trade	All trade
	Rd Sk	Rd Sk	Rd Sk	Rd Sk
1764/1765	+ 8050 28	+ 9876 84		+17927 16
1765/1766	+11395 55	+ 3487 44		+14883 03
1766/1767	- 4199 36	+ 2118 90		- 2080 42
1767/1768	+ 5398 14	+ 6459 17		+11857 31
1768/1769	+ 1640 86	+ 7078 16		+ 8719 06
1769/1770	+20082 92	+ 5016 16		+25099 12
1770/1771	+19255 69	+ 2390 09		+21645 78
1771/1772	+24071 28	- 7360 30		+16710 94
1772/1773	-11798 90	- 3038 15		+14837 09
1773/1774	-34506 92	-11412 53	-28793 55	-74713 08
1764/1774	+39389 58	+14615 82	-28793 55	+25211 85
Annual Average:	+ 3938 92	+ 1461 56	- 2879 34	+ 2521 18

trade in Iceland, Finnmark and Greenland. After some resistance the board of directors accepted Ryberg´s demands and the liquidation of the West Indian trade started.[26] In the convention accepted by the participants´ general assembly in April 1774, this new organization of the company was ratified.[27] But by then the Crown had decided to take over the North Atlantic trade. Certain details in the convention were used for facilitating the take-over. The participants had estimated the combined assets of the company at the end of August 1773 as 286 264 rixdollars. This figure had probably been calculated as low as possible for persuading the Crown to be more generous to the company in the future. But the crown used it for setting the price of the take-over![28] Met with this remarkable "fait accompli", the owners after some grumbling accepted the sum of 300 000 rixdollars as the Crown´s payment for the company.

TABLE 8.3

The Owners´ Division of the Company Assets (Property Minus Debts) between the Different Trade Sectors, Ultimo Augusti 1773

	Value in rixdollars	In %
Iceland	184 736 Rd 71 Sk	64.5
Finnmark	74 757 Rd 25 Sk	26.1
"Other" trade	26 770 Rd 00 Sk	9.4
Total	286 264 Rd 00 Sk	100.0

Source: Lovsamling for Island, vol. 4, p. 56 and 78-79.

The economic analysis of the company made by the owners in April 1774 (for the situation at the end of August 1773) has been summarized in Table 8.3.

The company books do not allow a sufficient check of this analysis. However, a comparison with the results one year later, at the end of August 1774, and which are found in the general ledger, makes it clear that these figures cannot be too high. In particular, it is suspectable that the stores with Icelandic goods in Mediterranean towns were not included in the 1773 summary of the net assets.

In the April convention 1774 the owners arbitrarily divided the original capital of the company into two equally big categories:

Iceland-Finnmark trade	300 000 rixdollars
"Other" trade of the company	300 000 rixdollars
Total	600 000 rixdollars[29]

The owners´ total inputs of capital had indeed been 600 000 rixdollars, but this division is nevertheless suspect and it is likely that "other" trade should have been given more than half of the capital. But through this calculation the owners tried to show that the net loss from the Iceland-Finnmark trade 1764-1773 had been 26770 rixdollars. The merchants´ books, however, show a net profit of almost 100 000 rixdollars for the period 1764-1773:

Gains´ and Losses´ Account	36 681 rd 14 sk
Insurance Account	63 243 rd 79 sk
Total	99 924 rd 93 sk[30]

This profit is in rather sharp contrast to the economic results of other company activities which 1767-1773 resulted in an aggretate loss of 63 629 rixdollars.[31] It has been argued that in 1763, i.e. prior to the company´s take-over of the Iceland-Finnmark trade, it was on the verge of bankruptcy.[32] Therefore, the 50:50 division of the original capital inputs must be wrong. By 1763 these inputs had already reached 400 000 rixdollars.[33]

Also the representatives of the Crown showed scepticism regarding the claim that half of the capital inputs had been mobilized in the Iceland-Finnmark trade.[34]

In the company´s general ledger there is an account known as "separate capital destined for the Iceland-Finnmark trade", 300 000 rixdollars had been put on the credit side of (i.e. had been paid to) this account. This is in good harmony with the information put forward by the company owners in 1774. But nothing was paid from this account during the whole period of the company´s Iceland-Finnmark trade activities despite the assumed trade losses! First when the Crown had bought the company, this sum was transfered from this account via two other accounts during the last day of the company´s activities to an account called "Doubtlful Capital of the Previous Owners". There it still stayed out of the ordinary business of the company. In short: these 300 000 rixdollars of the official shareholders´ capital fund were basically a formality, this "capital" was not mobilized in the daily business of the company except for its function as a security for meeting claims.

The opinion expressed by the leading crown officials mentioned here above regarding the shareholders´ "mobilized" capital in the trade was thus correct.

But this does not alter the fact that the shareholders did pay 600 000 rixdollars to the company as a whole since its foundation in 1747. Although a very large part of this money had been lost before the company´s take-over of the Iceland-Finnmark trade, the company´s interest account indicates that it operated with more own capital than its predecessor had done.[35] But the predecessor operated with relatively little own risk capital. In this context the main thing to consider is the fact that the General Trading Company made a net profit from the Iceland-Finnmark trade of 54 005, (see Table 8.2), also the fact that the Crown´s price for the company, 300 000 rixdollars, paid in 1774, was primarily for these two trade sectors. (See Table 8.3).

Although the innovation period of the General Trading Company 1747-1763 was an economic disaster, there is little doubt that its future importance for Danish commerce was considerable; new market contacts were established which benefited Danish overseas trade later on.[36] For the Icelandic export markets the benefits of these new contacts were obvious. Important company stores previously unknown in the history of the Copenhagen monopoly trade

in Iceland were established in "distant" places, such as Bilbao, Nantes, Cadiz, Barcelona, Livorno and Triest, usually yielding handsome profits. These innovations were indeed a part of the Copenhagen trade expansion which made that city the sole staple center of Icelandic products, probably ending or at least diminishing, with the closing of the Glückstadt Store in 1771, the old Elbe dependency pattern of marketing Icelandic fish in Catholic Europe, which had been inherited from the 16th century Iceland merchants in Hamburg.[37]

In short: The general expansion of Danish overseas trade during the late 18th century came to Iceland in the form of the General Trading Company. The positive effects of the new direction of the Icelandic monopoly trade became very evident when the Crown had taken over the company in 1774 and the profits started to surge substantially; the huge war time gains in the sale of Icelandic fish products 1776-1783 could hardly have reached the scale these did had not the South European market contacts for the products been established during the preceding period.

In Icelandic historiography the General Trading Company has been put into the same category of "wily" monopoly merchants as the Iceland Company of the Chandlers´ Guild 1743-1759. This stems at least partly from the fact that the Icelandic patriot official Skúli Magnússon had great disagreements with both companies. In the case of the Chandlers´ Guild Company it is difficult to find in Skúli Magnússon´s agitation any specific motives for furthering his own private economic interests. These differences were solely over matters of policy. The conflict between the General Trading Company on one hand and Skúli Magnússon and the bulk of the remaining Icelandic Crown officials on the other, involved both disagreements about the general policy of the company and, perhaps more important, the private economic interests of the Icelandic high officials. This conflict acquired consequently a very vituperative character. It is discussed in the appendix to Chapter 7.

Another reason for the relatively bad reputation of the General Trading Company among future generations was the fact that during the company´s Iceland trade period the Icelanders had become more critical of the monopoly trade,especially the behaviour of individual merchants was now scrutinized. Examples of merchant arrogance towards poor customers were registered by the Crown officials and the reports were sent to their superior officials both in Iceland and in Copenhagen and to some of the committees of investigation of Icelandic problems which were appointed by the Crown during the 18th century.[38] This kind of anxiety for the welfare of the poor was a novelity in the Icelandic society. It is a good indicator of some of the humanitarian aspects of the late 18th century rationalism/-pietism[39] but it does not do justice to the General Trading Company because various traditional acts of behaviour previously condoned were condemned.

The General Trading Company had the bad historiographical fortune to be in the Iceland trade both preceded and succeeded by royal trade firms. By the custom of the age, companies owned by the Absolute Monarch were above criticism.

The clumsy attempts made by the General Trading Company to give misleading information about its economic situation in order to win favours in high places, worked the other way round. The attempts helped in further discrediting the company!

One of the reasons why the Iceland Company of the Chandlers´ Guild was so heavily criticized was also, undoubtedly, increased governmental enligh-

tenment which encouraged effective servants of the Crown to inspect the trade. Nevertheless, it is not right to put the General Trading Company and the Third Iceland Company into the same category.

As has been explained in Chapter 7, the Iceland Company of the Chandlers´ Guild 1743-1759 was a very conservative organization which avoided all involvement in the Icelandic fisheries, all major innovations in the trade structure, did not seek new markets for Icelandic exports and neglected the import of investment and production goods. It also operated with an absolute minimum of own risk capital.

The General Trading Company, as outlined above, introduced various neccessary innovations in the Icelandic trade structure and following the policy of Niels Ryberg, the director of the Crown´s monopoly trade 1760-1764, it tried to stimulate the Icelandic fisheries in various ways.[40]

In short: despite some serious errors in the trade activities,[41] the General Trading Company was for Iceland a progressive enterprise.[42]
Why was the Iceland trade of the General Trading Company not more economically successful than it actually was? Why did the net result approach zero?

The reason given by the contemporaries was the sheep desease in Iceland which almost stopped the export of meat from Iceland for some time. But as was pointed out by the crown officals 1773-1774[43] and shown clearly in the trade statistics,[44] this loss was very well compensated by the increase in the volume of fish exports.

In the above mentioned report of the crown officials 1773-1774, it was also maintained that the high price of grain products was balanced by the high price of fish products.[45] But if we study the Copenhagen market prices for the period 1764-1774,[46] we see clearly that grain prices were then increasing at a far higher rate than the fish prices. This comes forward in Diagrams 3.5 and 3.6.

These unfavourable terms of trade were therefore most probably the reason for the limited profits of the trade as a whole. But the situation is somewhat more complicated when we study the individual years.

The best economic results according to the company´s books were the years 1769-1772 (see Tables 8.1 and 8.2). Although the commodity terms of trade improved 1768-1770, the improvement was not spectacular in the long time perspective. The explanation for these good economic results must be sought through studies of the details of the Gains´ and Losses´ Account. (Table 8.1).

The losses of the Iceland Store were high during the whole period (1764-1774), as may be expected when the commodity terms of trade were unfavourable. These losses were rather constant till 1772 when a rise took place.

The profits of the export goods´ company stores fluctuated a good deal, especially the profits of the Copenhagen and the Glückstadt Stores. The through was in 1767/1768, the tops were 1769-1772, which naturally synchronized with the highest net company profits of the period. But we can clearly see that the increasing profits 1769-1772 were primarily the result of successful South European trade. This trade, which was the great innovation of the period, did not fail to bring profits 1772-1774, while during these years the losses from the Iceland Store were rising and the profits of the Copenhagen Store were declining.

As the Iceland Store was the most sensitive instance in the company´s organization when it came to the effects of the commmodity terms of trade

(as well as changes in the composition of export goods), it is obvious that the very bad marchants´ terms of trade 1772-1774 partly explain these losses. (See Diagram 3.5). It is also obvious that there were some realization losses in Iceland during these two years as the company´s trade was ending.

Realization losses may also help to explain the decreasing profits of the Copenhagen Store 1772-1774. Also, it is quite probable that the Iceland Company had not yet acquired the neccessary experience in selling flachfisch (grov platfisk) on the traditional German/Central European markets without the aid of the old intermediaries in Hamburg or Altona.

To sum up: The good profits 1769-1772 were the result of the company´s expanding South European trade. These were, however, not sufficient to counterweigh the deteriorating terms of trade during the early 1770s, which in turn may have reflected a relatively weak position of the company in the traditional market areas of the Icelandic dried cod (stockfish).

But the commodity terms of trade were no natural law. The prices of exports/imports reflected, among other things, all kind of manipulations, long term contracts etc.

A strange phenomenon appears when we compare the price development of dried cod in different countries during the late 18th century. (See Diagram 3.2). There was a very steep rise in the price of rondvisch in the Amsterdam market during the late 1760s and the early 1770s.[47] The Icelandic stockfish on the Copenhagen markets began to rise in price five years later and then much more slowly than happened in the Amsterdam market. Obviously there was a time lag in the price rise of the Icelandic stockfish. This was both in relation to the Amsterdam stockfish and to other commodities in the Copenhagen markets during this period of money inflation.[48]

As a part of their general risk aversion policy, the participants in the Icelandic monopoly trade preferred to make long term contracts with fixed prices. Such contracts could become unfavourable for the sellers if the inflation was significant and this was apparently what happened in the case of the General Trading Company´s sale of Icelandic products in the traditional markets.[49]

The director of the Crown´s Iceland Trade 1781, Hans Christian Bech, wrote: The most serious mistake of the General Trading Company was to enter "harmful contracts in the beginning regarding the sale of fish/.../which caused loss to the trade, no profits were made and the owners began to disagree"[50]

As has been explained in Chapter 7, the direct trade contracts between the Hamburg merchants of the Schonenfahrer Guild and the Copenhagen Iceland merchants had ended in 1758 and was replaced by a contract with two merchant houses in Copenhagen and a third one in Altona.[51] This does not automatically mean that the role of the Hamburg merchant houses for the distribution of Icelandic exports had by then ended; the new intermediaries may have used the service of the good trade network of Hamburg, indeed also the General Trading Company may have used it after 1763[52]

The specific registered role of 1758 of the three firms as intermediaries in the export of Icelandic fish ended 1768-1771. Thereafter the payments for the Icelandic fish exports entered the accounts of the Copenhagen Store only through the cash account, not through the accounts of the individual customers as had been the case previously.[53] Apparently the company itself had taken over the export distributor role previously in the hands of intermediary agents. This undoubtedly was a method in avoiding

"harmful contracts", but it is not certain that the trade company had by then acquired the neccessary experience for taking over the direct control of the fish products in the trade´s "traditional" markets. At any rate the diminishing profits of the Copenhagen Store 1772-1774 indicate that there was some misfortune in the marketing process.

Article 13 in the shortlived April Convention of the General Trading Company in 1774 seemed to have been written mainly for preventing the making of "harmful contracts" in the future, especially if these were attached to the Elbe region in some way: "No sales´ contracts may be made regarding any goods if it leads to the limitation of the rights of the company to sell these goods to others/.../nor is it permissable to sail directly from Iceland/.../to Elbe".[54]

The fact that no region but Elbe was mentioned connects the clause to the closing of the Glückstadt Store and the increased emphasis of Copenhagen as the only legitimate center for the Iceland monopoly trade.

Notes to Chapter 8

1. Aðils 1919, p. 210-213.
2. Ibid, p. 213-221.
3. Ibid, p. 221-223.
4. Lovsamling for Island (LI) 3, p. 301-311, 319-321, 339-340. See also Aðils 1919, p. 222-224.
5. A.A. Rasch 1964, p. 66-79, 394-395.
6. See Chapter 11.6. Also Cutting 1955, p. 159-162.
7. Rasch, op. cit., p. 75.
8. On the other hand the merchants´ customers books in Iceland for the period 1759-1763 have been preserved. (RA fol. reg. 140, no. 17-109).
9. This can be seen in a variety of documents in his handwriting, mainly preserved in Lbs. 86 fol.
10. Skúli Magnússon 1786/1944, p. 93.
11. Ibid, p. 77-78.
12. He did not include any rental in the expenditure side. Nor did he have in the income side the Crown´s repayment of certain custom duties which the trade had paid unnecessarily. (Ibid).
13. Ibid.
14. The best evidence for this is the General Trading Company´s take-over of the trade.
15. A.A. Rasch, op. cit. p. 75.
16. Stancke, p. 32.
17. P.P. Sveistrup, p. 95-96.
18. See here, for instance, Sveistrup p. 106: There were constant losses from other trade activities (than the Iceland-Finnmark trade) 1767-1773. In Table 8.2 we can see that the greatest losses for the year 1773-1774 came from this trade sector.
19. Magnússon, Skúli, 1786/1944, p. 126.
20. The exports constituted the company´s total income because the imports to Iceland entered the accounts only as costs in the acquisition of the export goods. This was indeed barter trade.
21. Here, as elsewhere, when the gains and the losses of the period 1764-1774 are discussed, the source is the company´s general ledger (Hovedbogen) for the Iceland-Finnmark trade, RA fol. reg. 140-172. Unfortunately the cash journals accompanying this general ledger have not been preserved which has made the reconstruction work of the accounts found in Tables 8.1 and 8.2 more time consuming and perhaps less accurate as well.
22. The net loss (i.e. losses - gains) from "other" trade 1773/1774 was 28 793 rixdollars which was the result of 49 442 rixdollars´ losses and

20 649 rixdollars´ gains. Most of these losses were caused by the liquidation of the company´s West-Indian trade (a net loss of almost 32 000 rixdollars). The net loss from the Greenland trade was then 6 869 rixdollars when the annual subsidy of 7000 rixdollars from the Iceland trade had been included as income in the Greenland trade.
The gains from "other" trade came mainly because of the sale of a warehouse for 10 813 rixdollars. Apparently this warehouse did not belong to the Iceland-Finnmark trade, but there is no certainity regarding that matter.

23. If there was a net loss, there was a payment from the Advanced Fund to the Gains´ and Losses´ Account, if there was a net profit, the process was the other way round. See Figure 7.2.
24. In my reconstruction of the Gains´ and Losses´ Account, the insurance profits were distributed according to the years these were actually made.
25. It was a small fund of 544 rixdollars. I have estimated that 75% of it should go to the Iceland trade sector, 25% to the Finnmark trade sector.
26. Sveistrup, op. cit. p. 103-104.
27. Lovsamling for Island, vol. 4, p. 55-85.
28. Sveistrup, op. cit. p. 108, Lovsamling for Island, vol. 4, p. 90-94, 102-103.
29. Lovsamling for Island, vol. 4, p. 56.
30. As for source, see Table 8.2
31. Sveistrup, op. cit. p. 105.
32. Ibid p. 95-96. This is better outlined here above.
33. Stancke, op. cit. p. 33.
34. See, for instance, a summary of Governor (Stiftamtmand) Thodal´s viewpoints regarding the Icelandic trade in 1773, in Lovsamling for Island, vol. 4, p. 92. (Article 4b).
35. The average annual interest payment of the Iceland Company of the Chandlers´ Guild 1743-1759 was 6732 rd of the General Trading Company´s Iceland-Finnmark trade 1764-1774 it was 4153 rd, despite the fact that the latter started some expensive attempts to stimulate the Icelandic economy, something which the former definately did not try to do.
36. Sveistrup, op. cit., has discussed these circumstances (p. 109-110).
37. See Chapter 7.2 and Notes 1 and 6 to Table 7.3. Also exchanges in the company books between the new stores and the Iceland Store became direct; thus Figure 7.2 would need to be redrawn slightly for describing the trade pattern after 1763. (See Chapter 7.3).
38. See Aðils, 1911 and 1919. Landsnefndin 1770-1771 (Sögurit XXIX), vol. 2, p. 51-62, 104-111. (The report of Guðmundur Runólfsson).
39. A Good representative for these humanitarian aspects was the self-educated (assistant) sheriff (lögsagnari) of Gullbringusýsla, Guðmundur Runólfsson. See Note no. 23. Besides opposing some monopoly merchants, he opposed the ancient Icelandic system of tenants´ and cottars´ obligatory labour services for the landlords.
40. For instance the expensive import to Iceland of some Norwegians and a good number of boats for teaching the Icelanders good and new fishing technique. This lesson was a failure. (See Jón Eiríksson, Forspjall að Ferðabók Olafs Olaviusar, 1780/ 1964-1965,vol. 1, p. 61).
41. The most serious error was the import of non-edible grain to Iceland in 1768 despite the fact that the crown inspectors in Copenhagen had prohibited the transport of this grain to Iceland as it was not fit for human consumption. This "mistake" was made at the most inopportune time for the company, when the conflict with the Icelandic crown officials because of Innréttingarnar had reached its maximum. Naturally this import of spoiled food was used extensively by the Icelanders, much to the detriment of the company.
42. As for a negative judgement of the company see Skúli Magnússon, 1786/1944, p. 78-79, 87-91. Jón Aðils, both 1911 and 1919. As for a positive judgement, see Jón Eiríksson, op.cit. (Note no. 40), Hans Christian Bech 1781.
Hans Christian Bech explained the mistakes of the company as being caused by the combination of arrogance and ignorance on behalf of a few company directors.

43. Lovsamling for Island, vol. 4, p. 91.
44. Skûli Magnússon, 1786/1944, p. 107-127.
45. Lovsamling for Island, vol. 4, p. 92.
46. Friis and Glamann, History of Prices in Denmark, vol. 1, 1958.
47. Rondvisch was traditionally a low price cod product, it was frequently exported from Norway but never from Iceland.
48. See Diagrams 3.2 and 3.3.
49. The traditional markets, the Catholic parts of Germany and Central Europe, only received high quality platfisk, (se Chapter 5.4). The new markets of the Iceland trade in Southern Europe received all kinds fish, but seem to have preferred dry-salted cod (klipfisk) which was cured through the use of the socalled "terreneuve" (Newfoundland) method.
50. J.S. 37 fol., p. 53.
51. See Notes 1 and 6 to Table 7.3.
52. In the trade convention of 1774, in which direct transport from Iceland to the Elbe region was forbidden, it was stipulated that in the assortment of Icelandic fish in Copenhagen, the first class should be called Hamburg gading (=cod) (Lovsamling for Island, vol. 4, p.67). The actuality of this assortment procedure was ratified by Olafur Olavius in his description of the Icelandic fisheries in 1777. Olavius also wrote there: "In the German sea towns, like Hamburg, Lübeck and Bremen, the stockfish is divided into six categories. 1. Isländerfisch or Flach-fisch. 2. Zartfisch. 3. Mittel Rotschiär 4. Rundfisch....." (J.S. 34 fol., p. 37).
Neither the continued use of Hamburg as a trade market for Icelandic fish, nor, perhaps, the classification of flachfisch as Isländerfisch, proves anything definite about the continued use of Hamburg in the distribution of Icelandic fish. When the Senator J.M. Hudtwalcker wrote in 1795 about the Hamburg trade of Icelandic fish, he described it as an event of a long time past.
53. RA fol. reg. 140-172.
54. Lovsamling for Island, vol. 4, p. 63.

Appendix to Chapter 8

The Trade Dispute in Iceland 1770-1771

In the year 1770 a commission of three members was appointed in Copenhagen with the task of investigating almost everything of importance relating to Iceland´s economy and administration. Its name, Landsnefndin, is correctly translated as the Land Commission. It stayed in Iceland during one year, 1770-1771, collecting information, most frequently in the form of answers to questions asked by the Commission.

The wealth of information found in the collections of the Commission is great. Some of the material has been printed[1], but most of it exists now only in the form of manuscripts which have been investigated by several scholars. I shall here only deal with one aspect of the Commission´s work; its investigation of Iceland´s foreign trade. This consisted of memoranda written to the Commission by various Icelanders; the divergency in the views presented well reflect the conflict between the archaic traditional social norms in Iceland and the mercantile demands of economic expansion[2].

Among the documents sent to the land commission 1770/1771 was a memorandum by Skûli Magnússon called "Plan and Demonstration how Iceland can have its own Free Trade, to the benefit of the inhabitants and the improvement of

the crown's finances".[3] The most important points in this plan were the following:

Ten effective merchants from Denmark, Norway, Schleswig-Holstein and Holland should be invited to settle in Iceland wherefrom they should carry out trade. They should be exempted from all taxes except custom duties. The Icelanders should cooperate with these merchants as much as they could afford to and the employees of these merchants should normally be Icelanders.

Instead of the fixed rental paid to the king for the monopoly trade, custom duties should be introduced. A detailed plan regarding these custom duties followed, the results showing an increase in the royal income from the Icelandic trade. Offices of custom collectors should be established in Iceland; the governor of the country should be stationed in Iceland (instead of Copenhagen) and there should be two deputy governors instead of one. This increased administration was considered necessary for securing the smooth running of the new trade form.

It is obvious that Skúli Magnússon was not proposing the introduction of a free trade as it is nowadays defined. The ten effective merchants should have trade privileges more or less amounting to a monopoly. His main intention was to bring the trade and the trade profits to Iceland and to encourage the development of urban centers in the country. Judging from the text of his custom proposals, his intention was that there should be direct trade between Iceland and foreign countries (outside the Danish realm).[4] The inclusion of Dutch merchants in the group of the ten immigrant merchants also shows Magnússon's intention that the trade should become quite independent of Danish private enterprise.

The introduction of a whole new regiment of royal officers in Iceland combined with a stronger central administration was in fact a proposal to weaken very much the ancient system of royal fief-holding in the country. Put together, these proposals of Magnússon constituted an attempt to change fundamentally the socio-economic system of the country. The Crown should be persuaded to make these changes, which theoretically were detrimental both to the mercantile community in Copenhagen and to the landowning interests in Iceland, through the allurements of increased income and increased bureaucracy in the hands of the central authority.

On paper Skúli Magnússon's proposed changes were far more revolutionary than the actual changes involved in the abolition of the monopoly trade in 1787. He was proposing the enforcement of radical changes through the authority of the Absolute Monarchy in the spirit of the good old mercantilism/cameralism.

The Land Commission 1770/1771 asked the chief Icelandic officials to express their opinion of the establishment of "free trade" in the country. (These chief officials were the sheriffs, twenty one in number, the two bishops, the two chief judges (lögmenn), and the deputy governor). The Commission's letter to the sheriffs did not explicitly mention Skúli Magnússon's proposals in this context,[5] which made it possible for a great many of them to evade the issue; it was difficult to oppose the proposals of their superior officer. But judging from some of the sheriffs' answers, Skúli Magnússon's proposals were distributed among the respondants, but the Land Commission had been instructed to investigate the practicality of Magnússon's proposals.[6]

The majority of the Icelandic officials were supporters of free trade in principle but most of them did not see any realistic alternative to the

monopoly trade (which of course was a de facto support for its continuation). Only two officials were satisfied with the present trade form.[7]

Three royal officials declared their explicit support for the "free trade" proposals of Skúli Magnússon.[8]

Another group of officials supported another proposal of change which apparently was put forward as an alternative to Magnússon's ideas. It was formulated mainly by the Deputy Governor, Olafur Stephensen, which was natural as he was the only official residing in Iceland with a place in the administrative hierarchy which was similar to the position of Skúli Magnússon.[9] It was also Stephensen's role to be the chief critic of Magnússon's proposals.

The Icelandic opposition to the "free trade" proposal of Skúli Magnússon basically represented the reaction of the societal upper strata in the farming community. One sheriff, Pétur Þorsteinsson, who was a great free trade supporter "in principle", objected to the foundation of several urban centers as this would put too much strain on the country's food resources.[10] Another sheriff, Þorsteinn Magnússon, wrote: "Iceland cannot have any free trade where all nations can participate as long as there is no defense organized against terrifying outside damages and injuries".[11] One sheriff in the North of the country, Jón Benediktsson, formulated the most deeplying fear among some Icelanders regarding changes in the trade form. If there was free trade, the merchants would only visit the most profitable parts of the country (the fishing districts in the South and the West) and neglect the Northern harbours (which by and large could only offer farming products to the merchants for sale).[12]

Sheriff Bjarni Halldórsson, one of the two royal officials who were satisfied with the trade form, motivated his fundamental objection to free trade by stating that the uncultured Icelanders would always be unable to take over the responsibilities of their own foreign trade.[13] In another context he expressed the opinion that economic changes were not attainable, generally speaking, because of the scarcity of labour in the country, and besides, he did not want any changes. He expressed the hope that Iceland in the future "might continue to have its old laws, customs and privileges and keep its poverty without new expenses".[13]

This conservative gentleman provided the Deputy Governor with some of the most important objections to Skúli Magnússon's proposals.[15]

Olafur Stephensen's objections to Skúli Magnússon's proposals of "free trade" were partly of a principal nature; he rejected Magnússon's underlying philosophy and his socio-economic goals. He objected also to some of his suggestions on the ground that these were impractical and impossible to carry through. It is difficult to estimate the value of the second type of objections because these proposals were never put into effect. We may, however, consider the validity of Stephensen's dismissal of Magnússon's calculations of the future royal income from custom duties because these were based on the estimated volume of exports and imports and we know the actual volume of the different export goods for the period 1764-1773.[16]

Magnússon's estimation was that 5000 barrels of meat would be exported annually.[17] Stephensen estimated that this export would not surpass 1000 barrels.[18] The actual annual average of meat export for the period 1764-1773 was 3223 barrels.[19] Magnússon's estimation of exported skins and hides was 20000 "bundt" a year, a figure which Stephensen found to be five times too high, the actual annual average 1764-1773 was 12689 "bundt".[20]

While Magnússon was thus clearly too optimistic (by 1/3) regarding the export of meat products in his plan, he was too pessimistic regarding the export of fish products. Instead of the estimated 6800 skp of dried and salted cod, the actual export was 8120 skp. If the value of the exported meat products and fish products are added together, the result is that Skúli Magnússon overestimated the future royal custom duties by 121 rd which is 0,4% of the estimated figure of the total royal income from these duties.[21]

The empirical evidence thus supports the estimations of Skúli Magnússon and refutes the objections put forward by Stephensen.

Olafur Stephensen's principal rejections of Magnússon's proposals were similar to the objections made by other royal officials described here above. He also feared the merchants' negligance of Iceland during years of hardship and he was afraid that the stay of foreign merchants in Iceland would upset law and order in the country.[22] Apparently he was afraid that they would become too powerful politically and economically.

In the paper written by the sheriff Bjarni Halldórsson and used as an appendix to Stephensen's report to the Land Commission,[22], fear was expressed that the fixed price lists might be abandoned. Scepticism was expressed regarding the future participation of the Icelanders in the trade; it was not considered to be desirable at all because then the farmers might lose some labourers.[23]

Stephensen resented the policy of the trading companies in giving "premiums to people for good fishing/.../thereby enticing the people to leave farming for fishing",[25] Here comes the key to the traditionalists' opposition to the Copenhagen trading companies which characterized their proposal regarding the trade form. These companies were too powerful and tended to interfere in Iceland's internal economy, upsetting its precarious balance.

In the alternative proposal put forward by Stephensen regarding the trade which was supported by various royal officials in Iceland, it was suggested that company trade should be as soon as possible replaced by "separate trade". This meant more or less a return to the trade organization existing 1684-1732. Each of the 24 harbours was to be served by "separate" merchants who were not united in any company. The normal rental period should be six years.[26]

Some changes in the old trade pattern of the period 1684-1732 were suggested. The Iceland trade should be open to all merchants from Denmark and Norway instead of being the exclusive domain of Copenhagen merchants as had been the case previously. But foreign merchants should continue to be barred from the trade. Two harbours should be reserved for the Icelanders to help them to learn the skills of trade.[26,27]

To secure voyages to the less profitable harbours, a fish harbour should normally be rented out in combination with a meat harbour.[28] The continuation of the monopoly trade in the form of a "separate trade" obviously demanded the continuation of fixed price lists. The abolition of company trade meant a weakening in the bargaining position of the merchants, both towards the Icelanders and towards their merchants' customers abroad. The proposed trade form would have stopped the merchants' attempts to reconstruct the Icelandic economy through fishery premiums and other devices. It constituted the conservative ideal of foreign trade in

Iceland: the effects of this trade on the internal economy should be minimized; at the same time supplies to the country were to be secured. The farming community was to be indirectly subsidized by the fishing community in the country. But Ólafur Stephensen was not a blind reactionary and he saw the neccessity of change; hence, his proposal regarding the Icelanders' participation in the trade.

The ideological contrasts between Ólafur Stephensen and Skúli Magnússon come out clearly in the different proposals regarding the trade 1770/1771. During the 19th century both men were considered to have been good patriots, which undoubtedly was true, but the need of the political nationalism to create the feeling of a national consensus in a historical perspective made it necessary to blur the ideological differences between patriots of the past. These specific differences between two prominent men in 18th century Iceland continued to be political dynamite in the country well into the 20th century and the followers of Ólafur Stephensen were far more numerous than the followers of Skúli Magnússon. Ólafur Stephensen was the very articulate and intelligent spokesman of the traditional societal upper layer in the farming community which continued to dominate the public life of Iceland for a long period of time. Skúli Magnússon was in many ways out of tune with the traditional Icelandic community despite his economic realism in several proposals regarding the country's development. He was the supporter of an indigenous merchant class when there was no such a class in the country. He was in favour of an urbanization when there were no urban centers. The basis for his "support" was his own high position in the service of the Danish king and the fact that he was very much in tune with the predominant economic policy in Denmark during this period.

Notes to Appendix 8

1. See bibliography, Landsnefndin I and II.
2. Due to limits of time and space mainly the printed material will be used in this context.
3. The copy of the document used here is in the Rtk collection in Þjóðskjalasafnið (Þjsk), this copy was written by Skúli Magnússon and it was dated 3 March 1770. Its old classification was A 34, Nr. 37. Jón Jónsson Aðils reproduced almost word by word different copies of this document in all his trade history works. (Aðils 1897, 590-592. Aðils 1911, 232-234. Aðils 1919, 641-643). There is a slight difference in the vocabulary of the different copies but the text is practically the same. One, however, is dated back to 1767.
4. Duties on goods from the crown's realm should be collected in the harbour of boarding. Duties on goods from foreign countries should be collected in Iceland.
5. Landsnefndin 1770-1771, II, 9.
6. See the introduction to Landsnefndin I, 14.
7. These were the Bishop Finnur Jónsson and the Sheriff Bjarni Halldórsson, both men of great learning.
8. Two of these were mentioned in the printed records used here. The report of the third, Magnús Ketilsson, is not found in there, here the information of Aðils 1919 is used (p. 646).
9. If anything, Ólafur Stephensen's position was higher, but the

comparison is difficult.

10. Landsnefndin II, 221.
11. Ibid 26.
12. Ibid 203.
13. Ibid 175.
14. Ibid 177-179.
15. See editor's note in Landsnefndin II, 163: Appendix no. 3 with Ólafur Stephensen's report to the Land Commission, published in Landsnefndin I, 252-256, was written by Bjarni Halldórsson.
16. These have, for instance, been published in Skúli Magnússon's work of 1786/1944, p. 108-126.
17. A 34, Nr. 7 (old classification) Rtk collection Þjsk.
18. Landsnefndin I, 217.
19. Magnússon, 1786/1944, p. 108-126.
20. As for sources, see Notes 16, 17, 18.
21. Ibid.
22. Landsnefndin I, 219-220.
23. See Note no. 14
24. Landsnefndin I, 252-254.
25. Landsnefndin I, 203. Later Ólafur Stephensen developed these thoughts further in his essay "Um Jafnvægi Bjargræðisveganna á Islandi" in Rit Lærdómslistarfélagsins no. 7, 1786. The resistance to innovations has been discussed by me previously in "A study of Causal Relations in Climate and History", 1980:3.
26. This was also the normal rent period 1684-1732 with the exception of the ten years' period 1696-1705 and the three years' periods 1712-1714 and 1721-1723. As for sources, see Note no. 28.
27. Landsnefndin I, 242-248.
28. In the beginning of the separate trade period in 1684 the normal practise was to rent together fish harbours and meat harbours. (LI I, 412-413). This practise was continued in the harbour auctions 1689 and 1694. (LI 1, 481, 515).But during the auction of 1706 fish harbours and meat harbours were rented out separately of each other (LI I, 637-638). It was prolonged in this form for the period 1712-1714. (LI I, 678-679). During the harbour auction for the period 1715-1721 five out of nine meat harbours in the North and the East were rented out in combination with fish harbours in the South and the West (LI I, 701-702) and this pattern was repeated during the auctions 1721, 1723 and 1730 (LI II, 24-25, 43-44, 115-116).

9. THE TRADE BOOM AND THE TRADE COLLAPSE 1774-1787

9.1 The Cameralists and Their Take-over of the Iceland Trade: 1774

The Crown´s take-over of the General Trading Company in 1774 may be characterized as an extreme form of 18th century cameralism. This "German" economic philosophy was in good harmony with the general policy of the Danish government during the socalled "Guldberg period" (1772-1784) and a direct result of the Absolute Monarchy. According to one prominent academic cameralist of the 18th century, "the economic activity of the state is the reins by which the state must guide all commerce to its own designs for the true welfare of the state".[1]

In the Danish-Norwegian kingdom the economic development of the North Atlantic provinces was considered a matter of vital interest.

Firstly, it was quite obvious that the resources of the North Atlantic possessions were badly used. Secondly, these provinces were the traditional backbone of Danish shipping and seamanship. Thirdly, there were the military and the strategic aspects.

The general view was that the private merchants and the chartered trade companies had mismanaged and neglected the economy of these provinces.[2] From the cameralist point of view the Crown was the natural agent in taking over the trade once it had been decided to take effective measures in fighting the relative socio-economic backwardness of Iceland and Finnmark.

The Crown´s take-over of the North Atlantic trade in 1774 was thus no "first aid" measure to secure provisions to distant provinces of His Majesty the King after the bankruptcy of private enterprise.[3] On the contrary, it was a part of an optimistic and grandiose scheme in developing the area to the glory of the state in a true cameralist spirit. Indeed, as the Crown intended to pay for the initial investments needed for the economic development of the North Atlantic provinces, state ownership of the trade company was the natural thing if we leave aside all doctrinaire standpoints. Extreme pragmatism was one of the charachteristics of "German" cameralism; in its enlightened progressive form it borrowed ideas from new physiocratic trends, mainly evident in the change, in the context of "mercantilism", from considering mercantile exchange as the source of wealth to putting emphasis on production (or labour) as the source of wealth.[4] Cameralism might be defined as the technocracy of the absolute "enlightened" monarchies.

9.2 The Trade Boom 1774-1783

The Crown bought all the shares of the General Trading Company the 16th of May 1774.[5] In the future the activities of the company should mainly be restricted to the North Atlantic trade, out of which the Iceland trade was the most important part, but the liquidation of the company´s West-Indian trade continued during the following years. The "transit trade" between the Baltic and the Mediterranean, which was the original raison d´etre of the company, did continue, even expand, during the following years, but mainly as a sideline to the North Atlantic monopoly trade in a kind of a triangular trade: from the Baltic to the North Atlantic regions, (with an obligatory stop for inspection in Copenhagen): from the North Atlantic to the Mediterranean: from there to the Baltic. But the importance of the

Baltic trade was not great for the company because the imports to the North Atlantic regions should normally consist of Danish products: hence this "triangular trade" was mainly Copenhagen - North Atlantic - Mediterranean - Copenhagen.

The direct trade between the Mediterranean and Iceland which was very much pronounced during the last phase of the monopoly trade period (1774-1787), was, in fact, a logical continuation of the tradition of the General Trading Company.[6] At the same time the substantial resources brought into this trade by the Crown seem to have furthered this direct trade, judging from its increasing importance 1774-1783.

It is important to note that the trade was carried out in the form of a separate trading company, with an economy separate from the state finances. It was not directly run by the Crown, as the trade was in 1759-1764.

It is neccessary to emphasize this continuity in the trade during the 1770s. For instance the bookkeeping methods of the last year when the General Trading Company was in private hands (1773-1774), was continued after the Crown´s take-over. Thus, various items, mainly losses, not due to the Iceland-Finnmark trade, were included in the accounting books of the Iceland-Finnmark trade. The most obvious example of this was the West Indian trade which brought a net loss of 7 947 rd 18 sk, mostly during the years 1774-1777, when the liquidation of that trade was still a very actual problem. This is, however, quantitatively an insignificant figure, but it emphasizes the continuity aspect.

The trade stipulations made for the General Trading Company in 1763 continued to be the legal basis for the monopoly trade till 1781. These were still in 1776 called the valid trade charter.[7]

Nevertheless, the Crown´s take-over of the trade meant a very radical change in the economic policy of Iceland: the Crown started large scale investments in the fisheries and the trade. This was to some extent a continuation of the efforts of the General Trading Company 1764-1774, but the bigness of the new venture marked a new phase. The Danish government decided in 1775 to buy and to operate 50 decked sail vessels for transport to and from Iceland and for fishing[8] in the Icelandic waters. The first ships were sent to Iceland in 1776. The maximum number used was in 1780 when 42 fishing vessels operated for the account of the royal trade in the Iceland fisheries.[9]

The profits due to direct sales from the ships may also have been the result of the new organization. More likely it was primary the result of a policy giving the ships´ captains and the merchants of the ships much freedom in disposing of the Icelandic exports outside the company stores.[10]

Prior to 1774 the Copenhagen monopoly trade merchants had almost solely hired the vessels used in the trade.[11] The merchants, of course, did not operate any fishing boats. In short: the trade demanded very little capital as Niels Ryberg observed in 1761.[12] But now all this was changed. The trade company became involved in fishing and used own vessels for transport. The Icelandic trade became capital intensive.

As we can see in Table 9.1, the profits from the Iceland trade were quite high 1774-1782. The main reason for the good economy was undoubtedly the combination of new markets in the Mediterranean inherited from the predecessor in the trade and the extremely good terms of trade for the Iceland merchants, especially after 1776 when the price of fish rose very much. The rise in fish prices was the consequence of the American War of Independence which drastically reduced the export of fish products from

America to Europe.

It is difficult to estimate if the new trade organization had anything to do with the good economic results of the Icelandic trade during this period. The accounting books show both increased expenditure and increased income which may be explained by inflation and by the new trade system. For instance, in 1777,it was decided that all merchants should stay in Iceland during winter in all twenty-four ports of trade which then existed. Houses of timber were built for the merchants and their families; also, warehouses were built in each port of trade.[13] This was in great contrast to the preceding periods when the hired boats in the trade served the purpose of being a warehouse and a residency for the traders.

Nevertheless, according to Carl Pontoppidan, the obligation to stay in Iceland meant that several very efficient employees of the trade company left its service.[14]

It was estimated in 1787 that if all the servants of the royal monopoly trade would then leave the Iceland trade for good, it would mean the departure of 105 families from the country.[15]

But the increase in the profits of the Copenhagen Store and especially in the company stores abroad far surpassed the increase in the loss of the Iceland Store, - till 1783, as we can see in Table 9.1.

It is indeed probable that the new trade form had not existed long enough for making a fair estimation of its value when the catastrophe of 1783 destroyed both the trade and the Icelandic economy. On the other hand, the good profits made from the trade during these years undoubtedly stimulated the investments in fishing and transport. There was much optimism regarding the future of the monopoly trade and obviously there was a strong belief that the profits would continue to increase. This optimism came clearly forward in the trade charter of 1781, the first of its kind since the one of 1763 which it replaced.[16]

The trade charter provided the royal trade in Greenland, Iceland, Finnmark and the Faroese Islands with monopoly privileges of 30 years, or till the end of the year 1810. These privileges were given both for trade and fisheries. The Capital Fund of this trade should consist of 2 million rixdollars: by contrast the owners´ capital in the preceding companies for the Iceland-Finnmark trade was 200 thousand rixdollars! The capital should consist of various houses, commodities, 47 boats for the Iceland-Finnmark trade, various boats for the Greenland trade and eleven Greenland colonies. "But if all this property/.../combined will not be valid as much as the decided capital of 2 million, we shall from our (i.e. the Crown´s) funds provide the rest".[17]

The capital division of the company 1781, was the following according to one authority:[18]

The Royal Trade in Greenland: 47.6%
The Royal Trade in Iceland and Finnmark: 49.6%
The Royal Trade in the Faroese Islands: 2.8%[19]

The classical cost division between the Iceland trade and the Finnmark trade was either 3:1 or 2:1.[20] Using this as an estimation of the capital valuation of the Iceland trade in 1781, we would reach the figure of about 700 000 rixdollars.

Article 10 in the trade charter made it obligatory for the royal trade to support private persons in building fishing boats. In Article 11 it was stated that the trade should increase in the four provinces. The optimism came most clearly forward in Articles 31 and 32 which dealt with the

Capital Fund. The fund of 2 million rixdollars was divided into 20 000 shares, each 100 rixdollars and if a person bought a share,[21] the Crown guaranteed once and for all that this person should be paid 4% annual interest for his part for a period of 30 years.[22] If however, the profit would be higher than 4% (i.e. higher than 80 000 rixdollars each year), the profit exceeding that sum should go to the Trade's Capital Fund until the surplus had reached 100 thousand rixdollars: then the dividend payments should be raised to 5%. If another 100 thousand rixdollars would be added in profit, the dividend payments should be 6% of the sum of the capital value. In case of a still further profit, the directors of the Trade should decide what to do. "If, however, it should happen, that one year the profit should be less than 4%, the lacking money should be taken from the super-profits of the previous years".[23]

There was no doubt about the optimism. The same year as the new trade charter was made, or in 1781, the Iceland-Finnmark trade yielded a profit of 145 050 rixdollars.[24] But this optimism did not last long.

The optimism expressed in the new trade charter for the Royal North Atlantic Trade in 1781 is found also in the regulations for other trade companies at the time.

According to one authority, "economic progress in Europe in the last quarter of the 18th century benefited Danish business/.../although the biggest profits were made in periods when the major European states were at war/.../. Thus the trading companies' profits were high in 1775-1783...".[25]

In 1776-1782 the shares of Det Asiatiske Kompagni increased in value more than three times. During the subsequent years "economy opportunities were less good for the company/.../. While about 10% (dividends) a year was paid in 1774-1780, rising to 30% in 1782, there was a drastic decline in the subsequent years. Thus the dividend varied from 0% to 6% in the years 1782-97".

"The War of American Independence/.../ gave the impetus for the founding of three new trading companies, for the war was expected to last a long time".[26] These three companies were Det Vestindiske Handels Kompagni, Det Ostersöisk-Guineiske Kompagni and Det Dansk-Norske samt Slesvig-Holstenske Handels og Kanalkompagni. The companies were founded 1778, 1781 and 1782. The last mentioned company really never started. The other two made huge profits in the beginning, but when the war was over the earning opportunities had passed. In all three instances the Crown came to the rescue of the shareholders by exchanging the shares for royal bonds.

The total share capital in these three companies was originally 8 million rixdollars, or 4 times more than the share capital of the Royal North Atlantic Trade. The largest of the three, The West Indian Trade Company, had share capital of 5 million rixdollars, each share was valid 100 rixdollars. The Crown owned 40% of the shares and a significant part of the remaining shares were in the possession of courtiers and high officials.

In 1786 the Crown exchanged each share of the original value of 100 rd with a government bond of 260 rd, bearing an annual interest of 4%.[27] This was not bad for the shareholders in view of the fact that the trade company was virtually bankrupt. This process cost the state 7,8 million rixdollars.

The money which the Crown spent in saving the property of the shareholders of three war-time speculating companies thus surpassed the

TABLE 9.1.

Gains and losses account, the Royal Trade Company's Icelandic trade 1764-1787 (1788). Source: See note 10.

	1774/ 1775 (11)		1775/ 1776		1776/ 1777		1778		1779		1780		1781	
	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk
INCOME														
1. Copenhagen Store	41743	03	48724	91	95349	65	41412	12	63413	75	57501	54	68129	38
2. Company Stores abroad	49928	73	19626	37	31056	34	37129	19	29728	61	46177	14	50403	61
3. The Ships' trade													67316	63
4. Remaining income	2060	26	15660	92	1289	38	2515	18	1838	24	5169	28	3508	82
Total gains	93732	06	84012	28	127694	45	81056	49	94980	64	108848	00	189358	52
EXPENDITURE														
5. Iceland Store	34737	79	44613	92	50583	91	8928	69	12878	52	42796	24	53961	72
6. Specified trade costs	17778	02	14905	78	26538	81	20865	48	24419	30	23870	43	19765	55
7. Trade rental	7000	00	7000	00	14000	00	7000	00	7000	00	7000	00	7000	00
8. The Ships Trade														
9. Remaining expenditure	600	00	15	64	187	40	17	70	9	05	19628	56	6346	48
Total expenditure	60115	81	66535	42	91310	20	36811	91	44306	87	93295	27	87073	79
Total profit or loss	+33616	21	+17476	82	+36384	25	+44244	54	+50673	73	+15552	69	+102284	69

	1782		1783		1784		1785		1786		1787		1788 (12)	
	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk	Rd	Sk
INCOME														
1. Copenhagen Store	18615	48	44544	67	38506	89	13820	85	9534	91	15919	32	11483	91
2. Company stores abroad	125537	78	49982	13	24102	91	12569	71	4350	67	13262	13		
3. The Ships' Trade	16975	18	26557	23										
4. Remaining income	4210	33	6295	50	2466	13	8295	88	14324	14	11309	52	1561	22
Total income	165338	81	127379	57	65076	01	34686	52	28209	76	40491	01	13045	17
EXPENDITURE														
5. The Icelandic Store	93101	86	99908	16	88352	23	109410	94	111511	74	78008	10	4473	88
6. Specified trade costs	16766	49	18604	78	17699	47	24997	27	28321	22	39351	01	25580	18
7. Trade rental	7000	00	7000	00	7000	00	7000	00	7000	00	7000	00		
8. The Ships trade					11075	92	2832	68	15415	63	23235	74		
9. Remaining expenditure	3888	18	1828	16	3802	54	8568	87	8385	62	6739	79	8245	90
Total expenditure	120756	57	127341	14	127930	24	152869	84	170634	29	154334	68	38300	04
Total profit or loss	+44582	24	+38	43	-62854	23	-118123	32	-142424	49	-113843	67	-25254	83

Notes to Table 9.1

1. Various explanations and notes to the Gains and Losses Accounts' Tables of the Iceland trade 1743-1759 and 1764-1774, 7.1 and 8.1, also apply to this table.
2. This is the profit of the various company stores abroad, but most of these were gain-yielding during the whole period. The most important company stores for the Iceland trade were in Amsterdam, Ostende, Bilbao, Cadiz, Barcelona, Livorno and Trieste.
3. The so called "Ships trade" involved the decked vessels owned by the royal trade company which were used in the Icelandic fisheries. The fishing vessels sailed directly after the fishing season to the ports where the products were sold. The income and the cost of these fishing boats was specified in the gains and losses accounts 1781-1787.
4. For most of the years the greatest part of "remaining income" was profits from the furnishing account of the Iceland trade. But there was also income from the insurance account which explains most of the "remaining income" for the year 1775/1776 and there was income from "direct sale" to customers outside the storehouse system which explains most of the "remaining income" for the year 1786.
5. "Lageren udi Island".
6. "Specified trade costs" are the aggregates of the accounts showing the net cost interest payments, the rental of houses and warehouses, and the diverse items found in the Handlingsomkostnader account. The division rule found in the RA fol. reg. 140-16 between the Iceland and the Finnmark trade regarding the interest account and the diverse cost account is kept here (See Note 4 and 5 to Table 7.1). As for the warehouse and house rental this was divided in the same way as was done in Chapter 8.2 see Note 7 to Table 8.1.
7. The traderental was fixed,7000 rixdollars courant each year.
8. See Note 3.
9. "Remaining expenditure" was mainly composed of the following items.
   a) Losses of the same accounts as the ones composing theprofits of "remaining income" (see Note 4).
   b) Losses from company stores abroad (see Note 2). This happened mainly in the case of the Amsterdam Store 1781-1782.
   c) Losses due to commodity depreciation in the trade ("underweight" of exports). This became a significant figure 1784-1788.
   d) A special payment to the tax authorities, of 18 810 rd, during the year 1780.
10. Sources: RA fol. reg. 140, no. 348-354 (Hovedbogen). Also RA fol. reg. 140, no. 328-338 (Kasse-journal).
11. The accounting year was 1. September till 31. August the following year 1774-1776. Then there was an accounting year 1. September 1776 - 31. December 1777: hence the trade rental for that accounting year was for two calender years, 1776 and 1777. Thereafter the accounting year was the calender year.
12. The end of the monopoly trade in Iceland in 1787 obviously did not put an end to all the activities of the Royal Trade Company. There were Icelandic exports to be sold and there were debts to be collected or paid. Regular accounting practice continued for one year, or until 1788. Thereafter new type of bookkeeping started, dealing with the liquidation of the company and no more entries were made in the gains and losses account. The net result of the liquidation was a further loss of 143 848 rd 17 sk.

money it put into the North Atlantic trade by a large margin. But as we can see the Crown´s loss in the Icelandic trade during the last phase of the monopoly trade was 261 525 rixdollars. This figure may partly, but only partly,[28] be defined as the Crown´s indirect support to the starving Icelanders 1784-1785. The Crown´s direct support 1784-1785 was 76 209 rixdollars.

9.3 Years of Hardship

Two things happened during the year 1783 which created a catastrophe both for the trade and the Icelandic economy as a whole. There was the vulcanic eruption of Laki, lasting from the 8th of June 1783 till January the next year, covering a large area (450 km^2) with lava but primarily bringing destruction through the tephra fall which destroyed to a large extent the country´s vegetation, which in its turn, caused the death of c. 50% of the country´s cows and more than 70% of the sheep and the horses.[29]

Secondly there was the end of the American War of Independence which meant that fish export from America to Europe was resumed. This meant a price fall after 1783 of Icelandic dried cod by 26% while there was a rise in the price of various imports to Iceland, for instance Danish rye by 43%. The commodity terms of trade between the two periods, 1780-1782 and 1784-1787 deteriorated by 42%.[30]

The new trade organization introduced in 1777 together with the operation of the decked fishing vessels and other expensive investments had changed the trade from being cheap in terms of capital to becoming quite capital intensive. Fixed costs in the trade had increased a great deal.

This was the third reason why the loss of the trade was so great after 1783. The organization of the Iceland trade had been fitted to an expanding economy, not to a deteriorating one as was the case after 1783.[31]

The change brought about in 1777 in compelling the merchants to stay in Iceland the whole year was undoubtedly a progressive measure per se. The merchants should become participants in the Icelandic production processes, either direcly or indirectly (through giving fishery premiums to the Icelanders).

But instead of developing 5 or 6 trade centers as for instance Skúli Magnússon had proposed, the Danish government decided to develop 25. These 25 merchants had limited maneuver possibilities in the Icelandic trade due to the centralization of the trade´s administration in Copenhagen and their winter stay in Iceland in fact primarily increased the trade´s efficiency in buying Icelandic products, regardless of the economic situation in the country. This came clearly forward 1783/1784 when the merchants brought during a great famine in the country far more food out of it than to it.

The Laki eruption of 1783 was followed by other catastrophes of nature. The winter 1783/1784 came early with arctic drift ice, followed by a late spring and a cold summer. Also the winter 1784/1785 was characterized by cold weather. There were constant earthquakes from August 1784 till the end of the year, causing much damage.

The population decline 1784-1785 was c. 20%, the main death cause being hunger. The old, the very young and the infirm and generally the very poor were the chief victims. Iceland did not have any provisional security or other resources with which these catastrophes could be met. The inefficency

of both the trade system and in general the administration of the country came clearly forward during these years of crises.[32]

Fishing was not bad during the winter season 1783/1784 and of course the fit seamen/labourers survived at least during the first year of the demographical crisis, by and large, and we may assume that their masters also survived on the same scale as their labourers did. This was of course the prerequisite for the normal fish export in 1784.

killed several young people in workable age.

The first news about the Laki eruption reached Copenhagen with boats returning from Iceland during the late Summer of 1783. In October the Government had received a very accurate report about the nature of the catastrophe.[33] A specific team for making further investigation was sent to the country,[34] but, due to "weather conditions" it first reached Iceland during the spring 1784.

The director of the Royal Iceland Trade wanted during the Winter 1783/1784 to start collecting money for the needy Icelanders but permission was only granted to collect money in churches in Copenhagen during two Sundays.[35] The sum of 9 099 rixdollars was collected.[36] The Rent Chamber (Rentekammeret) made various resolutions regarding the situation in Iceland during the first half of the year 1784.[37] Nevertheless not a single decision was made in helping the Icelanders in any significant way. For instance the resolution of 19 April 1784 mainly emphasized the need for restraint regarding famine relief and prescribed a very complicated bureaucratic procedure in case relief was provided.[38]

The boats of the Royal Trade sailed to Iceland during to early Summer 1784 obviously without carrying any significant additional food supply to meet the increased demand for food. It became difficult to buy food imports in Iceland. For instance the clergyman Jón Steingrímsson tried very hard during the Summer 1784 to buy some rye and with great difficulties he succeeded in buying one barrel outside his own trade district.[39] Nevertheless the merchants succeeded in buying in Iceland the ordinary quantity of fish which they brought from the country during the Autumn 1784.[40]

During the Spring and the Summer 1784 new information about the catastrophical situation in Iceland was reaching the high crown officials in Copenhagen. The 24th of July 1784 it was decided to send to Iceland 3000-4000 barrels of rye.[41] This was the first serious measure to help the needy Icelanders.

In February 1785 the Crown permitted a general collection for the Icelanders in all churches in the Danish-Norwegian realm.[42] At the same time it was decided that a boat with timber should be sent to Iceland to help the offers of the earthquake, and the cost, 3600 rixdollars, should be paid from money collected in the churches.[43]

The money collected for the needy Icelanders 1784-1785 was 46 109 rixdollars altogether.[44] But when most of the money should be spent, the economic crisis in Iceland was over. The remaining 40 thousand people could survive without foreign aid. Consequently the Crown issued new orders that the money should be kept in Copenhagen. In April 1786 a royal decree was issued that no further aid should be given to the Icelanders.[45] The collected money should make a special fund for use in the future if situations of special need would occur again in Iceland.

According to the Crown´s definition, such situations never occured again in the country, not even during the Napoleonic wars when in fact several Icelanders were starving. The "collection fund" was "kept" in the royal treasury without interests and it decreased in value with inflation.[46] It was used during the 1840s to build a high school in Iceland.

9.4 The Great Trade Losses 1784-1787

It is of course impossible to make any exact estimation regarding which factor played the greatest role in creating the heavy losses of the monopoly trade 1784-1787. It is, however, significiant that in the year 1784, when the number of deaths surpassed the number of births in the country by 4 284, or 9,2% of the population,[47] the fish exports from the country were normal, i.e. of the same magnitude as the annual average of the previous ten years.[48] See Table 5.9. Nevertheless, there was a loss of 62 854 rixdollars in the trade that year. This indicates that the deteriorating terms of trade were the major cause of the trade loss in 1784. A further study of Table 9.1 reveals that the decreased profits in the company stores abroad, in Copenhagen and of the ships´ trade (which operated more or less independently of the Icelandic economy) contributed very much to the losses: the stores and the ships trade reflected the terms of trade. It was the Iceland Store, first and foremost, which reflected the deteriorating economic situation in Iceland.

TABLE 9.2

Changes in the Economic Results of the Different Sectors of the Royal Iceland Trade for the Period 1783-1787[1] with Respect to the Period 1774-1782.

	Rd	%
Decreasing income abroad[2]	53 736	41,1
Deterioration situation, Iceland Store	60 377	46,2
Increased trade costs[3]	16 691	12,8
Total deteriorating results	130 805	100,0

1. The year 1788 is included in the period 1783-1787.
2. The company stores abroad and in Copenhagen and the Ships´ Trade.
3. Items not included in "decreasing income abroad" or in the Iceland Store.

As for further explanation, see text.
Source: Table 9.1.

The third factor creating losses was the increased trade costs of the period 1783-1787. Here, for instance, the increased interest payment due to the company´s liquidation difficulties enter the picture, also the general inflation and to some extent the deteriorating terms of trade as the losses from the account for the furnishing of imports to the Iceland trade have been included in these trade costs.

In Table 9.2 an attempt has been made to make a quantitative analysis of the causes of the trade losses 1784-1787 (1788). It appears that "only"

46,2% was due to the difficult situation in Iceland. It must, however, be emphasized that the difficult economic situation in Iceland also affected the company stores outside the country and, what was more important, the merchants´ terms of trade influenced to some extent the results of the Iceland Store. Hence a generalization based on the figures in Table 9.2 may be misleading. However, it is clear that not far more than 46% of the bad economic results may be directly related to the economic difficulties in Iceland.

What is spectacular about the terms of trade 1783-1787 is not that these were low: indeed these were 7% higher than the average for the whole period 1733-1787. What is spectacular is that the terms of trade decreased dramatically 1784-1787 in comparison with the terms of trade 1777-1783. In fact the company´s terms of trade were similar 1783-1787 as these had been 1774-1776 when there were trade profits and were far better than the ones existing 1764-1773 when no significant profits or losses were made in the Iceland trade for the period as a whole. The expensive reorganization of the trade in 1777 was undoubtedly a major cause in creating the losses 1784-1787.

The information regarding the exports of fish in 1784 is in harmony with the company accounts. As we can see in Table 9.1, the profits of the company store in Copenhagen remained rather high 1783 and 1784 while there was naturally a significant fall in the income from the company stores abroad because of the resumed American exports of fish. The accounts of the Copenhagen Store show the same picture but these show also that in 1785 and 1786 fish exports to the Copenhagen Store diminished a great deal. At the same time the export of wool commodities did not decrease.

This means that changes in the composition of Icelandic exports 1785-1786 also contributed to the bad economic results of the company[49] as was the case of the Chandlers´ Guild Iceland Company during the 1750s. Indeed, the director of the Royal Trade from 1781, Carl Pontoppidan, found it necessary to explain why in general the monopoly trade merchants were willing to buy wool products from the Icelanders. This was, according to him, done for preventing trade between Icelanders and the foreigners visiting the Iceland fishing banks because of the profitable luxury goods/-wool products ratio (see Chapter 3.6).

When it had been decided to abolish the monopoly trade in Iceland (and to terminate the Royal Iceland Trade Company), there were great costs involved in bringing about this change. It was, for instance, very difficult to sell the properties of the company in all the twenty-five different ports of trade. But the realization of the company after 1787 will not be discussed in the context of this work except for the note regarding the liquidation loss. (For instance Note 12 to Table 9.1).

The loss in the accounting year 1787 was to a very large extent the result of the end of the monopoly trade. During the Summer that year the Iceland trade was opened to independant merchants while the obligations of the company to carry out trade in all the twenty-five ports of trade was unaltered. The independant merchants could easily make profits while the losses of the company accelerated.[50] The company´s obligations in the trade ended in 1788.

9.5 The Change in the Trade Form 1787

The abolition of the monopoly trade in Iceland in 1787 was partly the result of the "liberal-physiocratic" tendency prevailing in Denmark after the fall of the Guldberg regime in 1784. Also in 1786/1787 the Finnmark monopoly trade was abolished and these changes were ideologically related to the great agricultural reforms in Denmark after 1786.

Another reason why the Danish government decided to abolish the monopoly trade in Iceland simply was the fact that the Royal Trade Comapny was virtually bankrupt and its continued existence in the expensive reorganized form of 1777 was probably impossible without a continous state support.

Before 1787, and especially before 1784, the prevailing opinion among the leading men regarding the Copenhagen monopoly trade in Iceland was that it was an archaic instution which should be abolished as soon as possible. But there was not generally a demand for a free trade which should be open to all merchants. Skúli Magnússon´s socalled proposals of "free trade" 1767/1770 were really suggestions about bringing the monopoly trade, its institutions, merchants and profits to Iceland.[51] The decision that the monopoly trade merchants should be stationed in Iceland in 1777 may be called one step in the direction of meeting the demands of Skúli Magnússon. It was however, only a small step, as all the central direction of the trade continued to be in Copenhagen.

Skúli Magnússon´s closest associate in Copenhagen was the Icelander Jón Eiríksson, who was one of the leading men of the Rent Chamber and a close associate of Denmark´s most powerful man 1772-1784, Ove Høegh Guldberg. Jón Eiríksson was of the opinion that Iceland´s best trade form for the time being was Royal Trade: the country was too poor to sustain any free trade and he feared the possible influence of private merchants in the country.[52]

Similar opinions were expressed by the directors of the Royal Iceland Trade (which may of course partly have been done out of self-interest). Hans Christian Bech, the Royal Trade´s director till 1781, expressed the opinion that as long as the Icelanders could not take care of their own foreign trade, monopoly trade in the hands of the Crown would be the best alternative.[53] Bech´s successor, Carl Pontoppidan, wrote in his work published in 1787 that free trade could never be a reality in Iceland without the Icelanders´ participation in the trade.[54]

The decision to abolish the monopoly trade, taken the 18th of August 1786, therefore was not so much a measure to increase the freedom of the Icelanders.[55] It was in the first hand a measure to save government money. It meant, first and foremost, the abolition of company trade which was replaced by the trade of independant merchants. It also meant the end of direct state involvement in the trade.

The basic principle of the new trade form was that the Icelanders should not be allowed to trade directly with foreigners and foreign merchants were not allowed to sail to Iceland. In a report about the Iceland trade of the 29th of May 1787,[56] made by a committee consisting of the highest officals of the realm, for instance Schimmelman, Rewentlow and Colbjörnssen, it was stated: "The purpose of this change in the trade is that Iceland shall enjoy the greatest possible freedom of trade in relation to the states of the Danish King, although the country must be considered a colony in its relations to foreign countries/.../Consequently the Icelanders shall not be allowed to have any active trade with foreign states, because the benefits Iceland possible might gain in the future from such (free) trade is not big

enough in relation to the danger that through this change the Iceland trade might be lost/.../Several foreign nations could not only sell several products at a lower price than His Danish Majesty´s subjects are able to do, but the profitable Icelandic fisheries will always be so tempting for them that excluding them (i.e. the foreigners) from the trade and the country would be impossible if its inhabitants were to be allowed to come into contact with them/.../certain foreign states, for instance, Scotland and England, are in at least as good (geographical) position to carry out this trade as are Denmark and Norway. But if foreigners should to participate in this trade, His Danish Majesty´s subjects would lose the benefits/.../namely the important trafic and circulation which this important part of the national trade has already brought about."

Hence the second article in the second chapter of the new trade organization[57] was formulated in this way: "No tradesmen living in Iceland shall be allowed to send goods with own boats to foreign countries or to order ships´ loadings from there, because quite definately there shall be no direct trade between Iceland and foreign countries. Namely, if any merchant living in the Icelandic chartered towns wishes to participate in such foreign trade, then he shall for that purpose take up companionship with some known merchant house in some of our other chartered towns,[58] the foreign trade would then be carried out in the name of that house..."

Some of the new regulations of the trade reflected the Crown´s will to prevent demographic catastrophes. It was emphasized that the merchants should keep neccessities on a significant scale in special warehouses.[59] Through various administrative measures Iceland´s economy should be made both more mercantile and effective, in other words the efforts of the Royal Trade for strengthening the Icelandic economy should be continued, preferably in a more successful and definately in a less expensive way than was the case with the Royal Trade. Judging from the number of boats going to Iceland this was at least partly successful. During the period 1788-1791 there were on the average 61 merchant boats sailing to Iceland each year, the average commerce lasts being 2 337.[60] The number of boats was thus three times bigger than the ordinary pre-1774 figure while the commerce last increase was "only" 50%, in other words the boats had become smaller. Only roughly half of the boats came from Copenhagen, the other half came from other ports of the Danish-Norwegian realm.[61] This was in contrast to the monopoly trade period.

During the period 1787-1807 on the average 56 boats, 2275 commerce lasts, were sailing from towns in the realm of the Danish King to Iceland. 1807-1814 the voyages of Danish boats to Iceland virtually stopped due to the English blockade (and partial occupation of Iceland). 1817-1834 the annual average of Danish boats bound for Iceland was 55 of 2 342 commerce lasts.[61] Thereafter the number of boats in the Iceland trade increased and was 70 in the year 1840, altogether 3 200 commerce lasts.

There are little available statistics regarding exports and imports 1787-1850. Some random examples show a great increase in both.[62, 63]

The trade system established in 1787 continued to exist, with some modification in 1816, till 1854, when it was abolished after a significant political struggle which only became successful when general liberalization of trade had started in most European countries as the consequence of the repeal of the English Corn Law in 1846. The motivation for keeping these restrictions was that if Iceland would be opened to foreign trade, the country would soon be lost to Denmark.

1. J.F. Pfeiffer, 1778; quoted in Ingomar Bog: Merchantilism in Germany, p. 167, in Revisions in Mercantilism, edited by D.C. Coleman, 1969.
2. For instance the summary of Governor Thodal´s viewpoints regarding the Iceland trade in 1773, Lovsamling for Island, p. 4. Also the variou opinions put forward by Skúli Magnússon and Hans Christian Bech regarding the predecessors of the royal trade 1774-1787.
3. An opinion of this kind has for instance been expressed by Jón Aðils, 1919, p. 249.
4. Another, perhaps less generous, interpretation of the preoccupation of the German mercantilists with production rather than trade is that they simply were faced by reality as they dealt with an economy without a strong export trade. (Ingomar Bog: Merchantilism in Germany, op. cit. p. 168-169).
5. Lovsamling for Island (=LI), vol. 4, p. 102.
6. The most important new commercial link, Bilbao, was not in the Mediterranean, but it served a similar market as the other "new links" of the Iceland trade, such as Cadiz, Barcelona and Livorno.
7. LI 4, p. 233.
8. Jón Eiriksson in forspjall (introduction) to Ferðabók Olavs Olavius 1780, vol. 1, p. 63.
9. Pontoppidan 1792, vol. 1, p. 183.
10. As for the merchants´ increased maneuver possibilities see, for instance, the instructions to the merchants in 1777 (published in Pontoppidan 1788, 2. volume, p. 54-69)
11. The first Iceland Trade Company 1620-1662 was, however, an exception in this respect. It owned several boats because there were so few Danish boats which could be hired and the king demanded that only Danish boats should be used.
12. A. A. Rasch, 1964, p. 72
13. Pontoppidan, 1788 op. cit., p. 218, 222-224. According to Aðils, 1919, p. 284, Flatey became the 25th port of trade 1777. In 1787 there were 25 merchants stationed permanently in Iceland (Pontoppidan, op. cit. p. 244). See also the instructions to the merchants in 1777 published in Pontoppidan, op. cit. p. 54-69, and especially the merchants´ oath formula, p. 70.
14. Pontoppidan 1792, vol. 1 p. 221-222.
15. Ibid, p. 247.
16. LI 4, p. 604-624.
17. Ibid, p. 610.
18. Pontoppidan, 1792, op. cit. . p. 184.
19. The property contribution of the Greenland trade to the common North Atlantic trade company was in 1781 an estimated 756 948 rd 85 sk, of the Iceland, Finnmark and Faroese trade 650 000 rd. To make the latter more equal to the former the King added 96 024 rd 84 sk to the Iceland-Finnmark-Faroese trade. Then the Crown added 400 000 rd to the whole company. (Pontoppidan, 1792, op. cit. p. 198-199).
20. RA fol.reg. 140-16.
21. This should more properly have been called an obligation than a share because the person concerned did not have a vote in the trade´s business.
22. LI 4, p. 622.
23. Ibid, p. 623-624.
24. According to the gains and losses account of 1781 the Iceland-Finnmark trade profits was "only" 117 038 rd 5 sk. But some profit did not enter the gains´ and losses´ account that year but was kept in other accounts, especially the insurance account. According to the gains´ and losses´ account for 1784, 2% of the Iceland-Finnmark trade´s total profit of 145 050 rd 80 sk for the year 1781 should be paid to the Greenland trade in 1784.
25. Stancke 1971, p. 38.
26. Ibid, p. 42.
27. Ibid, p. 43-45.

28. The Crown was in business and took risks. The loss of the trade company was very much the result of a wrong trade policy as has been related here above.
29. A short account of the Laki eruption is found in Sigurður Þórarinsson, 1956. This year, 1983, books with various articles about the Laki eruption are being published in Iceland.
30.

	One skippund stockfish	One barrel Danish rye	Commodity terms of trade
Average 1780-1782	2 571	257	184
Average 1783-1787	1 895	367	107

The price of stockfish and Danish rye is expressed in skillings.
31. Carl Pontoppidan, the last director of the Royal Iceland Trade, also explained the trade loss by the combination of these three factors: Catastrophes of nature, deteriorating terms of trade and the increase in fixed trade costs due to the new organization of the trade. See Pontoppidan 1792, vol. 1, p. 211, 233.
32. As for the societal response to hunger catastrophes in general, see for instance Gísli Gunnarsson 1980:3. I have also written about the specific societal response to the Icelandic hunger catastrophe 1783-1785 in a paper forthcoming this year: Voru móðuharðindin af mannavöldum?" ("Were the hardships caused by man?").
33. Lovsamling for Island (= LI) 4, p. 761.
34. Ibid, p. 756-759.
35. Ibid, p. 763-766.
36. LI 5, p. 84-85.
37. For instance LI 5, p. 9-10, 51-54, 84-85.
38. Ibid, p. 84-85.
39. Jón Steingrímsson, p. 191.
40. Rtk. 41.13. Islands Journal, 6. bilager 1782-1786, nr. 1093
41. LI 5, p. 99-100.
42. Ibid, p. 123-124.
43. Ibid, p. 121-123.
44. Þorkell Jóhannesson 1950, p. 285.
45. LI 5, p. 253-255.
46. Jón Sigurðsson 1862, p. 83-88.

47. The divisor is the average between the population at the end of the years 1783 and 1784. It should be emphasized again that there were no specific epidemics in the country. The people were simply dying from hunger deseases.
48. A report of the direction of the Royal Iceland Trade to Rentekammeret about fish exports from Iceland in 1784 (dated 24th of January 1785). Rtk. 41.13. Islands Journal 6, bilager 1782-1786, nr 1093.
49. The account of the company's Copenhagen Store (Islandske Retourvarer) in the general ledger show the gains and losses due to the sale of different commodities. It is of interest to note, for instance, that wool products were always sold with losses while fish products and sometimes also meat products were sold with gains. Examples of platfisk and wool stockings are good indicators of this. The gains and losses of of these commodities as per cent of the total net profits of the Copenhagen store, 1781-1785 were the following:

	1781	1782	1783	1784	1785
Platfisk, gains	61,1	78,7	74,7	88,4	110,3
Stockings, losses	-4,0	-14,1	-15,0	-30,2	-70,0

50. This has been discussed in Pontoppidan 1792, vol.1, p. 230.
51. See appendix to Chapter 8.
52. Þorkell Jóhannesson 1950, p. 33-34.
53. Hans Christian Bech 1781, p. 98.
54. Carl Pontoppidan vol. 1, 1787
55. Lovsamling for Island (= LI), 5, p. 305-316.
56. Ibid, p. 464-465.
57. Ibid, p. 434.
58. It was decided that six chief ports of trade should be founded in Iceland, with the rights of chartered towns (kaupstaðir). The merchants should normally live there and the linkage effects of the trade were supposed to lead to the development of these ports into

real towns. Only one of these six, Reykjavík developed into a town during the following century. The remaining five soon lost their chartered rights. In 1836 only Reykjavík kept these rights.

59. LI 5, p. 441.
60. Carl Pontoppidan vol. 1, 1792, p. 298-299.
61. Jón Sigurðsson 1862, p. 80.
62. Þorkell Jóhannesson 1950, p. 399-403.
63. It is of interest to note that the monopoly trade system of low prices both for imports and exports in Iceland was reversed during the 19th century. Instead of making profits from the exports and losses from the imports like the monopoly merchants did, the 19th century merchants in Iceland made profits from the imports and losses from the exports.

APPENDIX TO CHAPTER 9: The Price Change in 1776

In 1776 a new price list was introduced in Iceland. Prices were from now on expressed in rixdollars (courant) instead of the previous archaic form of valid fishes. The use of valid fishes as the money of account had existed in Iceland since the Middle Ages and this tradition was continued after the introduction of the monopoly trade in 1602; the royal price lists of 1619, 1684 and 1702 used all valid fishes as the money of account.[1]

The archaic price lists prior to 1776 basically reflected the old Icelandic price tradition, not only in the form but also in the relative prices. The costs involved in the trade modified the traditional price picture but did not change it fundamentally. The royal price lists 1619, 1684 and 1702 were in fact the application of the internal price system (Búalög) to foreign trade.

By contrast, the price list of 1776 in theory at least reflected the real prices in European markets. This meant various alterations in the relative prices of both exports and imports. The introduction of the new price list soon brought forward much lamentation among the Icelandic farming community. The authorities in Copenhagen yielded slightly to these demands by raising the price of the exported meat by 33%. Almost simultaneuosly the price of the imported tobacco was raised by 50% as we can see in Table 9.3. There the changes in the relative prices in 1776 have been presented by a comparison with the price list previously existing, the one issued in 1702. All prices have been transformed to valid fishes and thus Table 9.1 shows the changes in the prices of various exports and imports in relation to the most important export commodity, dried fish.

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1. The royal price lists are all printed in Lovsamling for Island.
   The price list of 1619 in vol. 1, p. 184-94,
   the price list of 1684 in vol. 1, p. 415-424,
   the price list of 1702 in vol. 1, p. 563-75,
   the price list of 1776 in vol. 4, p. 314-53,
   the price list of 1787 in vol. 5, p. 383-93.

TABLE 9.3

THE PRICE CHANGE IN 1776 - Different import and export goods measured in valid fishes

Method of transforming shillings in the 1776 price list to valid fishes: 1 skippund of valid fishes (the standard Icelandic stockfish) = 160 kg 1 valid fish = 1 kg. The value of 1 skippund valid fish was according to the 1776 price list 690 shillings. 1 valid fish = 690/160 = 4,3125 shillings.

	1702	1776	1777-1779
Exports			
1 barrel shark and seal train oil	180,0	194,0	220 (1777)[2]
1 barrel fish train oil	180,0	159,0	180,0 (1777)[2]
1 barrel salt lamb (128 kg) [1]	107-113	56,6	74,2 (1779)
1 lispund tallow (8 kg) [1]	21-50	26,0	
1 "bundt" sheep hides [1]	11-13	5,6	
1 ell vadmal	5,0	2,8	
1 set fine mittens and socks	4,0	2,1	
1 set "Enkelbands totomme vanter"	2,0	1,3	
1 set "Dobbelbandsströmper"	10-12	5,2-6,3	
Imports			
1 barrel rye	80-87	80,7	
1 "pot" good grain brandy	5-6	3,0	
1 pound "press"-tobbacco	10-11	3,9	4,9(1778), 5,8(1779)
1 barrel Spanish salt	95-105	68,6	
1 barrel tar (medium thick)	150-160	91,1	
1 skippund wrought iron	320-384	338,6	
Fishing equipments			
1 60 "favne (fathoms) linie"(line)	20-22	13,9	
1 40 " " " "	14-16	10,4	
1 "lodlinie", 40 fathoms	10-12	7,0	
Timber			
1 big "stavne" tree	16-18	38,0	
1 small "stavne" tree	8-9	16,7	

1. Specific construction methods were used for calculating the prices of meat products in 1702, see Table 9.4 and the adjoining text.

2. The barrel had until 1777 contained 136 pots but that year according to a royal decree it was decided that from now on it should contain 120 pots.

As for further explanation, see text.

Notes to Table 9.3

When the merchants bought the sheep and the oxen in Iceland, they paid before 1776 a fixed price for each head, no differentiation was made regarding the meat products (such as the meat, the tallow and the hides). From 1776 there was on the other hand fixed purchase price for each meat product.

For making it possible to compare the prices of meat products in the price lists of 1702 and 1776, an estimation had to be made regarding the price of the different products of each head of cattle according to the list of 1702. One method for making this estimation is by using the sales prices of the meat products abroad prior to 1776, but there, of course, salted meat, tallow and the hides were sold separately.

It is assumed that there was the same ratio between the purchase prices

in Iceland and the sales prices abroad for all the different meat products. The purchase price in Iceland 1764-1774 was 151 089 rd, the sales price of the same products abroad was 579 011 rd, thus the purchase price in Iceland was 26,094% of the latter. (Source: Skúli Magnússon, 1786/1944, p. 112, 114). The sales price was then deflated with this ratio for constructing the purchase price for each meat commodity prior to 1776 as we can seen in Table 9.4.

Another method for constructing the purchase price prior to 1776 means that instead of assuming that the same deflation method was valid for all meat products, the assumption is made that the same ratio existed between income and expenditure for the different meat products before and after 1776. This method is very simple due to the fact that according to the available information (Skúli Magnússon, op. cit.), there were exactly the same average sales prices of meat products 1774/1783 as there had been 1764/1774. This means that the purchase price 1776 is also used for the preceding years, with the important change that before 1776 there were 2,25 skillings in one valid fish, but thereafter, the ratio was 4,3125 shillings to one valid fish!

The difficulties regarding the second method arise from the fact that there was much difference in the meat export before and after 1776 both regarding the total volume and the relative share of the different products.

The difficulty with the first method is the assumption that the costs for all meat products were the same.

But both methods give similar results for salted meat and the salted sheep hides but differ greatly when it comes to tallow. The results of both methods are reproduced in Table 9.4.

TABLE 9.4

Construction of the purchase price of meat products in Iceland before 1776. Two calculation methods used.

	1 barrel of salt lamb	1 lispund of tallow	1 "bundt" of hides
Sales price abroad before 1776 in sk.	960	180	112
Deflation of sales prices by 0,26094	250,5	47,0	29,2
2,25 sk turned to 1 valid fish	113,3	20,9	13,0
Purchase price in Iceland 1776 in sk.	240[1]	112	24
2,25 sk turned to 1 valid fish	106,7	49,8	10,7

1. 1779 it was raised to 320 shillings. The underlined figures in Table 9.4 are transferred to Table 9.3 where the prices before and after 1776 are compared.

10. REVIEW OF THE CROWN'S AND THE MERCHANTS' INCOME FROM ICELAND AND THE ICELAND TRADE (Mainly During the 18th Century).

10.1 Jarðabókarsjóður (The Land Register Fund)

The Crown's income from Iceland came in two parts, one from trade (mainly the trade rental) and the other through the so-called Jarðabókarsjóður, "the land register fund", the constitution of which included payments from the local administrators of income from Crown land, taxes, penalties and diverse items.

The Crown officials in Iceland kept both the administration of the governmental districts and the landed property of the crown as fiefs. They collected all royal income in their respective fiefs, which could vary a lot from one year to another and thereafter paid fixed amounts, which were previously agreed upon, to Jarðabókarsjóður. The difference between the real income collected in the fiefs and the fixed payments to the land register fund was kept by the local administrators, constituting their wages, for which they did not need to give any account (and for which there are no accounts!).[1]

The fixed payments of the fief-holders to Jarðabókarsjóður did not change much with time. It was, for instance, almost the same in 1660 and 1717 as it was in 1786. In 1660 and 1717 these were 4925 rixdollars (courant) each year; in 1785, 4400 rixdollars.[2]

From 1691-1705 Jarðabókarsjóður was rented out to men who paid to the king specific sums of money previously agreed upon and in return received all the income of the fund. The rental 1690-1695 was 5730 rd. annually, and for the period 1696-1705 it was 6100 rd. annually.[3] These were rixdollars croner and this type of money continued to be used in the accounts of the fund during most of the 18th century, even after 1753 when rixdollars courant became by law the normal type of money payment in Iceland.

The difference between the fixed payments of the local fiefholders and the payment the fiefholders of the country as a whole had to give to the Crown obviously had to be met with other items. The most important of these undoubtedly was the income from fishing boats in the Southwest which were owned by the Crown and manned by the tenants of the Crown.

In 1706 it was decided that the royal official in charge of the Crown's finances in Iceland, landfógetinn, should take over the responsibility of the fund.[4] Thereafter this system continued throughout the century. The net income of the fund, i.e. the income remaining in the fund when the (frequently very modest) expenditure had been paid, was sent by the district administrators and the keepers of crown land to Copenhagen with the boats of the monopoly merchants. The payments were in natura; the merchants bought the commodities for prices specified for the occasion and paid the money to the king.[5] Landfógetinn supervised this procedure in Iceland by receiving the accounts of the Icelandic fiefkeepers and then giving a report of all the payments to Copenhagen.

The expenditure of Jarðabókarsjóður consisted primarily of wages to those Crown officials in Iceland who were not fief-holders. These were, besides landfógetinn, the deputy governor (amtmaðurinn) and the two chief judges (lögmenn). Small costs such as the payment to some central executioners were also charged to the fund. After 1750 new costs entered: The limited medical service and some public buildings of which the prison was the most important one.

One major cost was the purchase and the keeping of falcons which were brought to Copenhagen. According to one source the falcon expenditure in the latter half of the 18th century was 2000-3000 rixdollars annually,[6] but the number of falcons exported from Iceland was annually ca. 150 until 1763 when it decreased.[7, 8]

From the merchants´ accounts we know how much Jarðabókar income the merchants brought from the local fief-holders to the Crown each year for the periods 1733-1740 and 1744-1758.[9] The annual average was 3017 rd. It is not certain whether this was the net payment which the Crown received from this fund. The Crown might have returned some of this money to the country, for instance when the prison was built. There is, however, no reason to expect that there was any drastic change in the net income from Iceland´s Jarðabókar Fund during the 18th century. Hence the royal falcons and the fief-holders´ payments through the merchants to the Crown is a probable proxy variable for this income.

The administration of Iceland in Copenhagen did not cost much. But, an important cost item there was the wages of the country´s governor stationed there. Some of the officials were occupied at times with Icelandic matters. But there was usually no military expenditure connected to the country´s administration.

It is assumed here that the Crown´s net income from Jarðabokarsjoður equaled the cost of Iceland´s administration in Copenhagen. The trade income then becomes what the Crown acquired from the country besides the administration costs.

10.2 The Trade Rental

After 1662, the rental paid by the merchants to the Crown for the Iceland monopoly trade was undoubtedly by far the most important income the Crown acquired from the trade. Besides, it is very easy to find out how much this income was.[10]

Occasionally, the Crown accepted a partial or a total refund of the merchants´ rental payments because of "bad years" (famines in Iceland and/or war with Sweden). Skúli Magnússon provided a very good account regarding both the agreed rental payments and the agreed refunds.[11]

In Diagram 10.1 the annual rental has been transformed from rixdollars croner and rixdollars courant to rixdollars specie which means rixdollas of undiluted silver. The silver content of one specie was constant throughout the period 1671-1787, or 25,28 grammes.[12]

The annual rental was paid in rixdollars croner until 1758; thereafter it was paid in rixdollars courant. Rixdollars croner was fixed in relation to species after 1702,[13] the ratio specie/crona being 1000:888.

For two years there was a total refund of the trade rental (1701 & 1712). In Diagram 10.1 these two years have been averaged out over a five year period from 1701-1705; as for the 1712 refund, as well as other refunds, this has been included in the calculations for the whole period: 1708-1732.[14,15]

As we can see in Diagram 10.1 the trade rental was highest during two periods: the separate traders period 1684-1733 and the Chandlers´ Guild period from 1743-1758.

The nominal trade rental increased with every public auction of the different harbours 1684-1706, or from 7 380 rd. croner in 1684 to 13 670

rd. croner in 1689 and 20 190 rd. croner in 1706. The rise in 1706 is remarkable with respect to the fact that the merchants had then recently negotiated with the Crown for a refund of the rental debt for a previous period as we can see through 1701/1705. There is every reason to suspect that in the auction of 1706 the merchants, in their competition over the different harbours (ports of trade), promised to pay a higher rental than was possible ever to pay, at least in the long run.[16] A refund of the rental debt was later made for the years 1708-1720, resulting in a rather constant actual rental from 1708-1732.[17]

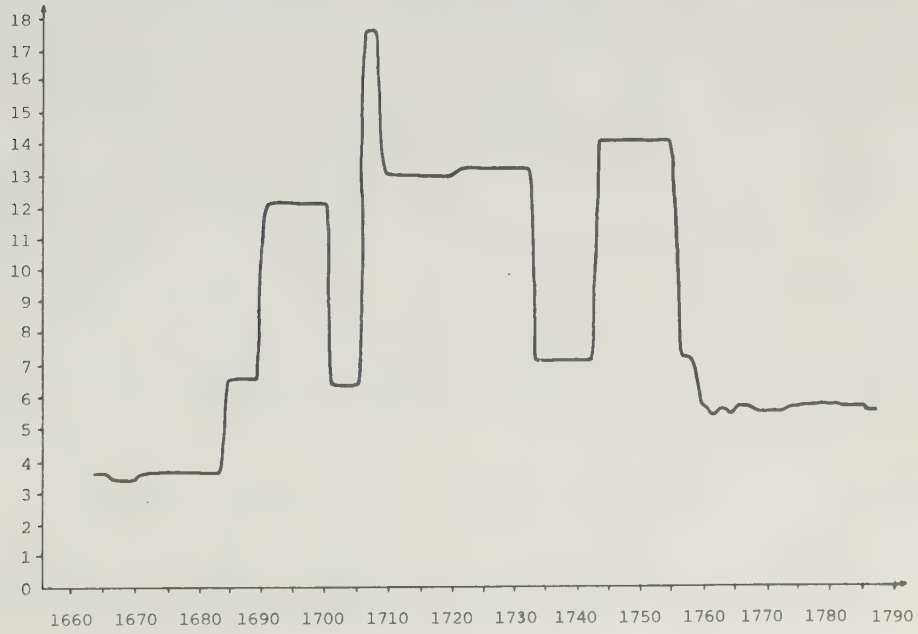
Every auction apparently was prepared for the Crown officials who made a list of the lowest acceptable price of each harbour. If one auction did not bring in the necessary minimum bids a new auction was held as in 1720-1721 which involved four auctions. During the last auction many of the harbours still had not been rented out at the minimum price. (It hardly needs to be said that there was no maximum price). The king then began to threaten the merchants, claiming, among other things, that interest in the Icelandic trade had been shown by "Altona, Holland, Bremen and England".[18]

This threat did not produce the intended effect. A week later the merchants replied that under no circumstances would they make a higher bid. The king answered with a royal decree: saying that the merchants should pay an annual rental of 16 000 rixdollars to the king for a period of three years.[19] Most of this sum was arbitrarily divided among them. This was an order from an Absolute Monarchy. To disobey it would be high treason. A similar process was more or less repeated in 1729.[20]

The high rental of the period 1743-1759 has been discussed in Chapter

Diagram 10.1

The Trade Rental 1662-1787 in Silver (Thousands of rixdollars specie)



7.1. The rental from 1759-1787 was a constant 7000 rixdollars courant annually. The fluctuations in the diagram are due to the changing value of the courant currency as measured in silver.

10.3 The Crown´s Custom-Duties Income from Iceland Trade

Prior to 1662, custom duties constituted the Crown´s primary income from the Iceland trade.

However, it is impossible to estimate this income since the accounting books of the Iceland Company from 1620-1662 have generally been lost.

But even when the accounting books are available (the periods 1743-1759 and 1764-1787) it is impossible to estimate the Crown´s income from this trade because the duties were generally not specified in the purchase prices.

In the charter given to the first Iceland Company in 1619 it was stated: "For each boat (bound for Iceland) 20 rixdollars shall be paid, besides the usual customs".[21] (My emphasis).

A Royal order was given to the chief custom officer for the Sounds´ customs in 1638, stipulating that "hereafter no customs shall be taken (from the Iceland Company) which contradict its trade privileges..." The company paid "20 rixdollars for each boat, besides the usual harbour duties (my emphasis) and therefore it should be relieved from other customs".[22]

The trade privilege thus meant that the trade company did not have to pay the Sound´s toll, but apparently did not absolve it from paying other duties.

When the Crown introduced its "high rental policy" in 1662, the Iceland trade monopoly merchants were absolved from paying all customs and duties for imports to Iceland. These imports were to be bought as much as possible in Denmark, perferably Copenhagen (article 15), but "if it is not available there it can be bought in those places where it carries the most favourable price".[23]

In the trade charter of 1684, it was stated that "all goods, to and from Iceland, shall be free of duties", however with the vital stipulation that the goods brought to Iceland should be the products of the Danish-Norwegian realm.[24] These stipulations were repeated very explicitly in the trade charter of 1721,[25] but the text and the content of that charter became the model for subsequent charters in the Iceland monopoly trade (before 1781).

According to Skúli Magnússon, a large part of the imports to Iceland were of foreign origin and had, consequently, been taxed with custom duties.[26]

As for Icelandic exports the 1662 trade charter stipulated that these were all free of duties and customs except when transported via Copenhagen, in which case a custom of 1% should be levied.[27] This meant that direct sailing from Iceland to ports other than Copenhagen was encouraged. This stipulation was repeated in the subsequent trade charters of the monopoly trade period.

10.4 Summary of the Crown´s Net Income from Iceland: 1743-1788

If we assume, as has been done here above in Chapter 10.1, that Iceland´s administrative costs, both in Iceland and Copenhagen, were equivalent to the income of the land register fund (Jarðabókarsjóður), it is possible to consider the Crown´s income from the Icelandic trade as a surplus product

from the country, or as a tax which did not give the Icelanders anything in return, at least not before the second half of the 18th century.

As we may see here above, the Danish Crown twice took over the Icelandic trade; in 1759-1764 and in 1774-1787. Very little information regarding the economic results of the first period is available. On the whole it seems to have brought neither dramatic profits nor losses. It has been discussed in Chapter 8.1, and is left out in this context.

Apart from the "support" the Crown gave to Iceland through covering the losses of its own company of mercantile risk in the Icelandic trade due to the difficult years 1784-1788, the Crown gave direct financial support to Iceland in two forms during the 18th century: To Innréttingarnar, mainly in the 1750s and to the famine relief 1784-1785.

In Table 10.1 there is a summary of Crown income and losses relative to Iceland 1743-1759 and 1764-1788.

TABLE 10.1

Crown Income and Expenditure Due to Iceland 1743-1759 & 1764-1788 (with the exception of Jarðabókarsjóður)

		Rd
INCOME		
Trade rental paid to the Crown: 1743-1758, 1764-1774		318 040
Trade rental paid to the Crown: 1774-1787, 98,000 rd deflated by 30%*		68 600
Total income		386 640
EXPENDITURE		
Crown support to Innréttingarnar		61 097
Crown support to the Icelanders 1784-1785:	76 209	
Crown loss in the Icelandic trade:	117 677	
Crown loss due to the liquidation of the monopoly trade after 1787:	143 848	
Total	337 734	
30% deflation* of 337 734 rd		23 414
Total expenditure		297 511
Thus the Crown's net income (Income - Expenditure)		89 129**

* The deflation of 30% of figures from 1774 onwards due to the money inflation from 1743-1788 is a rather crude guess for constructing realistic series for the whole period, but it is definately better to use some deflation in this context than none. (As is related in Table 3.3 the average increase in prices during the 1780s with respect to the 1740s was 40-45% for various commodities such as grain, it was less for some, higher for others).

** The figure is small but it is the net surplus which the Danish monarchy acquired from Iceland during the most famine-ridden period in the country's history. It rests, as has been explained here above, on

the assumption that the income of the land register fund was equivalent to the central and the local administration costs of the country and consequently, that income has not been included in this table. It should also be noted that the fishery premiums usually came from the trade companies and entered the accounting books of the monopoly trade merchants as costs (Pontoppidan 1792 vol. 2, p. 231).

10.5 Copenhagen's Linkage Income from the Monopoly Trade

The direct profits made by the monopoly merchants from the Icelandic trade reveal only a part of the benefits this trade brought to the citizens of Copenhagen.

There was the Crown income from this trade which has been discussed above. There was the importance of this trade to Copenhagen shipping which has been discussed in Chapter 5.2. But above all, there was the general linkage effects of this trade, benefiting various economic sectors in Copenhagen, giving employment to seamen, merchants and craftsmen. This linkage, or multiplier effect of the trade, was the most frequently emphasized aspect of the Iceland trade benefits in the correspondance to authorities or between authorities, and was more frequently mentioned than the possibility of direct profits.

In 1645 the Iceland merchants pointed out in a letter to the Crown that the Iceland trade provided employment to a large number of people in Copenhagen. Similar observations were made both in 1662 and in 1687.[28] This was better specified in a letter written by the Governor (Stiftamtmand) of Iceland, Raben, in 1720 where a quantitative attempt was made to estimate the various benefits the Icelandic trade brought, not only to Copenhagen citizens but also to Danish farmers as the Danish grain exported to Iceland "was of such a low quality that it could not be sold elsewhere."[29] In 1722 the Iceland merchants of Copenhagen estimated that the loss of the Iceland trade would reduce the employment of craftsmen in the town by half.[30]

The clergyman Anders Matthiessen Hjöring, in a writing in 1668, discussed the future conditions of Copenhagen. There apparently was some fear at the time that the recently founded Swedish town Landscrona might become a dangerous competitor to Copenhagen. The clergyman, however, was of another opinion and he pointed out that Copenhagen had, in particular, two advantages which Landscrona did not enjoy: Copenhagen was the residence town of the Danish King and it was the center of the trade with the Crown's farlying provinces, of which Iceland was especially important.[31]

In 1735 Otto Thott wrote the following: "It cannot be maintained without specific reservations that the Iceland trade has made its participants very rich. However, it is of great use for the country (i.e. Denmark) because every year 16-20 boats go to Iceland which all are rented (in Denmark) and victuals are provided for these boats which consequently are very valuable for the shipowners, to the seamen and the farmers and feed also many craftsmen".[32]

To this might be added the income received through the insurance of Icelandic exports and imports. Before 1750, the Chandlers' Guild Iceland Company only used the insurance services of the Copenhagen-situated Söassurancekompagniet and, thereby, contributed significantly to its income.[33]

In 1761 the successful merchant Niels Ryberg, who then was the director of the Crown's Iceland trade, emphasized the following assets of the trade: "It did not demand large capital investments, it provided work to a couple

of thousand men and it gave a net surplus in the currency exchange of the realm of 200 000 rixdollars.[34]

The estimation of Niels Ryberg of 200 000 rixdollars is roughly the annual average value of all Icelandic exports 1743-1753. (See Table 7.3). Out of these c. 50% were sold outside the Danish realm.[35] The annual value of Icelandic exports 1764-1773 was on the average 229 024 rixdollars.[36] During the same period Copenhagen's average annual export to Europe was of the value of 377 760 rixdollars.[37] 1780-1783 the average annual value of Norwegian exports was 1 734 037 rixdollars.[38] 1774-1783 the average annual value of Icelandic exports was 262 196 rixdollars.[39]

With regard to the general poverty of the 18th century Iceland society and the smallness of its population, the relative importance of the country's foreign trade was surprisingly great.

The mercantile conception of bullion savings also characterized the estimations of Hans Christian Bech, 1781[40] and Skúli Magnússon, 1786[41] regarding the benefits of the Icelandic monopoly trade to the Danish realm.

At the end of the monopoly trade period in 1786, Bech's successor as director of the Royal Iceland Trade, Carl Pontoppidan, wrote the following: "(In case Denmark would) lose this trade, it would in its (currency) circulation lose 400 000 rixdollars annually; besides, shipping of c. 2000 commerce lasts and c. 1000 people (in Denmark) would lose their sustenance means".[42]

The Iceland trade 1602-1750, was not always the biggest oceanic venture of the Copenhagen merchants. But it was the most consistant of all the Copenhagen great efforts in trade. Its continuity was in a sharp contrast with, for instance, the various Asiatic Companies during that period. For some years the Iceland trade was the only important overseas trade in Copenhagen, i.e. 1711-1719.

10.6 The Question of the Indirect Profits of the Monopoly Merchants

Several customers of the Iceland trade companies in Copenhagen, both of the buyers and the sellers, frequently belonged to the owners' group of these companies. There is the theoretical possibility that the owners, in their efforts to persuade the crown to reduce the trade rental, tried to minimize the nominal profit of the companies by making them sell cheap and buy expensive. However, as has been described in the chapter about the Chandlers' Guilds Iceland Company (which paid a high rental), it was obligatory for the company to seek the lowest bid for imports to Iceland. As for exports during the period, they were to a large extent sold to outsiders of the company (the Hamburg merchants, Michael Fabritius & Wever, for instance). The long term contracts to outsiders obviously created the price basis of Icelandic products in Copenhagen markets, in which the chandlers were very active participants.

As for other trade companies, for instance the predecessor and the successor of the Chandlers' Guild Iceland Company, the rental in the Iceland trade was very low, a fact which obviously reduced the companies' need for official price manipulations.

Many owners were also employed by the companies, for instance some were directors with good wages. Gifts to various owners and high officials from the company store were a regular practice. These, however, did not constitute any significant part of the companies' annual exports. It is impossible to estimate if the directors were paid too much for their work.

10.7 A General Review of the Profits and the Losses of the Monopoly Trade. Profits and Losses with Respect to the Exports by Different Commodity Categories

The figures in Table 10.2 are constructions from the common book-keeping of the Iceland-Finmark Trade from 1746/47, involving certain statistically rather insignificant guesses. In the minds of the authorities, these two trade activities were intrinsically bound together and favours given to one could easily be due to disfavours accorded to the other. One example of this is the trade rental which nominally was only paid for the Iceland trade. Therefore, it might also be right to estimate the total results of the trade companies and not only to calculate the Icelandic share in these companies. An example of such "total results" is, for instance, found in Table 7.4, for the period 1743-1758/1759, and in Table 8.2 for the period 1764-1773/1774.

No account is taken in Tables 10.2 and 10.3 of the money inflation. this means that the good economic results during the early period must weigh more heavily in relation to the bad years during the 1780s than the numerical evidence can show. The existence of this inflation means that there is no reason to include an aggregate for the whole period in Table 10.2. As for the Crown income, however, various aggregates for this period have been presented in Table 10.1, where methods of deflation have made such a construction somewhat viable.

In my opinion, the most suitable indicator of the price inflation is the price of grain, represented in Table 3.3 of rye, but there existed, as has been mentioned in Chapter 3.2, a highly positive covariation between the prices of the different cereals.

It should be emphasized again that before the profit/loss could be calculated, the rental to the Crown had been subtracted.

In Table 10.3 we can see how the gains and the losses in the trade may be divided by commodity categories.

TABLE 10.2

Annual Profits or Losses of the Copenhagen Monopoly Trade in Iceland 1743-1759 and 1764-1788, in Rixdollars Courant

A summary and an extract from Tables 7.1, 8.1 and 9.1.

	Rd	Sk
1743/44	+ 13 486	51
1744/45	+ 26 836	03
1745/46	+ 27 526	88
1746/47	+ 11 519	43
1747/48	- 6 349	22
1748/49	- 672	66
1749/50	+ 3 022	64
1750/51	+ 15 066	76
1751/52	+ 23 483	07
1752/53	+ 14 789	36
1753/54	+ 1 654	38
1754/55	- 11 273	57
1755/56	- 11 113	54
1756/57	- 10 070	78
1757/58	- 33 725	42
1758/59	- 40 554	40
1764/65	+ 8 050	28
1765/66	+ 11 395	55
1766/67	- 4 199	36
1767/68	+ 5 398	14
1768/69	+ 1 640	86
1769/70	+ 20 082	92
1770/71	+ 19 255	69
1771/72	+ 24 071	28
1772/73	- 11 798	90
1773/74	- 26 240	21
1774/75	+ 33 616	21
1775/76	+ 17 476	82
1776/77	+ 36 384	25
1778	+ 44 244	54
1779	+ 50 673	73
1780	+ 15 552	69
1781	+102 284	69
1782	+ 44 582	24
1783	+ 38	43
1784	- 62 854	23
1785	-118 123	32
1786	-142 424	49
1787	-113 843	67
1788	- 25 254	83
Realization loss after 1788	-143 848	17

	Total Rd	Sk	Annual average Rd	Sk
1743-1747	+ 79 368	89	+ 19 842	22
1747-1751	+ 11 067	52	+ 2 766	31
1751-1755	+ 28 653	24	+ 7 163	12
1755-1759	- 95 464	22	- 23 866	05
1743-1759	+ 23 625	51	+ 1 476	57
1764-1769	+ 22 285	51	+ 4 457	05
1769-1774	+ 25 370	78	+ 5 074	16
1764-1774	+ 47 656	33	+ 4 765	61
1774-1778	+131 721	86	+ 26 344	36
1779-1782	+213 093	43	+ 53 273	35
1783-1785	-180 949	12	- 60 316	36
1786-1787	-281 553	07	-140 776	52
1774-1782	+344 815	33	+ 38 312	78
1783-1787	-462 462	19	- 92 492	42*
1774-1787	-117 676	82	- 8 405	47

As for explanations (and reservations) regarding this Table, see text.

* The figure for the year 1788 has in the annual average calculation been added to the year 1787.

TABLE 10.3

The Monopoly Merchants' Gains and Losses by Different Commodity Categories in Rixdollars. (Courant from 1733). Annual averages.

	Fish products	Meat products	Wool & diverse products	Total
1625	+ 25 837	- 2 333	- 4 615	+ 18 889
1655	+ 18 793	- 1 806	- 6 830	+ 8 157
Annual averages:				
1743-1746	+ 20 302	+ 12 980	- 10 662	+ 22 620
1759-1764	+ 24 104	+ 5 654	- 32 997	- 3 239
1764-1774	+ 19 969	+ 13 637	- 28 254	+ 5 352
1774-1783	+ 63 473	+ 714	- 25 870	+ 38 317

As for explanations, see Table 2.3 regarding "diverse" products and Table 9.1 regarding the different accounting years.

Construction methods: The relative purchase price of export goods in Iceland and the prices of the same abroad were used (see Table 3.2) in addition to the actual profits. (As for the sources for profit, see Table 10.2). The information regarding the profits 1625, 1655 and 1759-1764 was taken from Skúli Magnússon, 1786/1944, p. 73, 75, 78.

The same cost is assumed in the trade for each unit value of the different commodity categories on the basis of their purchase price in Iceland, i.e. the difference between the sales price of the export products and the cost-added value of the products bought in Iceland was defined as profit. Since profit was the known variable, it was the cost-added value which was constructed. For instance for the period 1764-1774:

STAGE 1

	Value sold abroad Rixdollars	%	Value bought in Iceland Rixdollars	%
Fish products	121 069	52,9	34 579	45,2
Meat products	57 924	25,3	15 131	19,8
Wool & div. prod.	50 032	21,8	26 822	35,0
Total	229 025	100,0	76 532	100,0

The annual average profit for the period was + 5 352 rd.
Thus (229 025 - 5 352) or 223 673 rd was defined as the cost-added value of the export goods and which was then divided by the same percentage as the purchase price of the goods in Iceland according to the assumption made above regarding the division of trade costs. This leads to the next stage:

STAGE 2

	Value sold abroad		Purchase price in Iceland + cost in trade		Gains or losses
	Rixdollars	%	Rixdollars	%	
Fish products	121 069	52,9	101 100*	45,2	+ 19 969*
Meat products	57 924	25,3	44 287*	19,8	+ 13 637*
Wool & div. prod.	50 032	21,8	78 286*	35,0	- 28 254*
Total	229 025	100,0	223 675*	100,0	+ 5 352

(The asterisks show that the numbers are constructed).

Exactly the same construction methods as the one used for 1764/1774 were used for all the other periods in Table 10.3.

The wisdom in dividing the trade cost equally between the three commodity categories may be doubted. Most fish products and wool products were bought in Iceland in the form in which they were sold to the customers abroad, while in the case of meat products, much labour at the cost of the merchants was laid down in curing these. Meat and fish products brought greater cost in transport and storage than wool products. On the basis of this evidence, it looks as if the profits of the meat products and the losses of the wool products were exaggerated in Table 10.3, while the gains due to the fish products probably were rather correctly estimated. This is the important thing to consider in this context because it is mainly of interest to compare fish products and farming products in their relative shares in the trade.

Notes to Chapter 10

1. Magnússon, Skúli, 1786/1944, p. 29. Stephensen, Ólafur, in Landsnefndin I, p. 211.
2. Magnússon, op. cit.
3. Aðils 1919, p. 133-134, Lovsamling for Island, vol. 1, p. 488-493, 517-519.
4. Lovsamling for Island, LI, vol. 1, p. 641.
5. Ibid, p. 642.
6. Ólafsson, Eggert 1772, vol. 1, p. 39.
7. Magnússon, Skúli, 1785/1944, p. 69.
8. In the fashionable hawking sport at European courts the Icelandic falcon was the great favourite and the Danish monarch spent much money in providing his royal brethren with gifts of these exquisite birds which thus were important reciprocal tokens in the world of court diplomacy.
   Apart from the expenditure covered by the Icelandic land register fund, the king paid each year 500 rd. to the merchants for transporting the birds to Copenhagen and he sent to Iceland every year a special falconer with assistants to take care of the birds. To this the cost in Denmark and the transport cost from Denmark to foreign courts should be added. (Aðils, 1919, p. 511-512, has discussed various aspects of the falcon acqusitions).
9. The merchants´ accounting books of their money payments to the Crown after having bought the commodities with which the taxes had been paid. (See text). For 1733-1740: Kassebog, Det Kgl. Oktr. Isl. Kompagni, Reg. 65, Stadsark. For 1744-1758: Isl. Handelskompagnier, fol. reg. 140, nr 10-12, RA. As for 1744-1758, see Table 7.2 Land Rent.
10. The trade rental for 1662: Lovsamling for Island (LI), vol. 1, p. 282. For 1684, ibid, p. 412-413. For 1689, ibid, p. 481. For 1706 ibid, p. 637-638. For 1721 LI, vol. 2, p. 24-25. For 1723, ibid, p. 43-44. For 1730, ibid, p. 115-116. For 1733 ibid, p. 159. For 1742 ibid, p. 416. For 1763 LI, vol. 3, p. 492.
11. Skúli Magnússon 1786/1944, p. 94.
12. Axel Nielsen, 1907/1973, p. 148-151. Friis and Glamann 1958, p. 111-113.
13. Axel Nielsen, op. cit.
14. As for trade rental refunds, see LI 1, p. 692-693, 732-733.
15. Often many years could pass between the formal date of payment and the actual date. This happened mainly during years of difficulties, when there were negotiations about possible refunds of the rental debt. When this debt was lowered for a whole period, it was considered simpler to refund the whole debt for one year and keep the remaining debt unchanged. In Diagram 10.1 these total refunds have therefore been averaged.
16. It is quite possible that the high rental in 1706 must have resulted in all trade profits going to the Crown and nothing to the merchants that year.
17. There is a discrepancy between the information regarding the trade rental 1730-1732. According to Lovsamling for Island the theoretical rental was 14 137 rd. According to Skúli Magnússon, 1786 who had access primarily to information regarding the actual rental paid, the rental was constant considering all refunds 1721-1732. In Diagram 10.1 I have used the information provided by Skúli Magnússon, op. cit., for this period.
18. LI 2, p. 3.
19. Ibid 2, p. 9-25.
20. Aðils 1919, p. 172-176.
21. LI 1, p. 198.
22. Ibid, p. 223.
23. Ibid, p. 281-282.
24. Ibid, p. 411. An exception was made regarding salt for the fisheries and when there were in times of war.
25. LI, 2, p. 12. In addition to the exception made in 1684, a third one was added: Foreign grain if Danish rye cost more than a stipulated maximum.

26. Skúli Magnússon, 1786/1944, p. 94. However, some foreign commodities were tax-free according to Skúli Magnússon, mainly salt, wine and tobacco.
27. LI, 1, p. 282.
28. Aðils 1919, p. 106-107, 620-621. O. Nielsen, vol. 5, 1889, p. 126, 128.
29. Aðils op. cit. p. 623. The source Aðils used was the Governors' letter collection in the Icelandic National Archives.
30. Ibid, 623-624.
31. Diplomatarium Kjöbenhavn vol. 5, p. 754-755.
32. Otto Thotts Uforgriblige Tanker om Kommerciens Tilstand....1735 (in Glamann 1966), p. 97.
33. J. Bro Jörgensen 1935. Söassurancekompagniet was one of the most important businesses in Copenhagen during this period.
34. Quoted from A.A. Rasch 1964 p. 72. Rasch mentioned in his work that Ryberg did not give the source of his calculations. However, it is possible to guess the source. It must have been the total value of Icelandic exports which normally came close to 200 000 rixdollars each year. These exports were either sold to foreign countries or used as a substitute for foreign imports, thus saving bullion for the realm. The bulk of the imports to Iceland, on the other hand, consisted of Danish commodities.
35. These were the items 1, 2, 6, 8 and the whole Glückstadt part in Table 7.3.
36. Skúli Magnússon 1786/1944, p. 126.
37. Schovelin 1899 vol. 1, p. 260.
38. Ibid, p. 261.
39. Magnússon, op. cit. p. 127.
40. The estimation of Hans Christian Bech of the Icelandic trade's bullion saving was 100 000-150 000 rixdollars, or lower than the estimation of Ryberg. Bech made it clear that he had subtracted all possible foreign costs in his calculation. (Bech 1781, 57-58). Aðils, 1919, p. 625, has quoted Bech's estimates, but he made the mistake of defining the net currency surplus ("Landets Ballances Fordeel") as the "net money profit" of the trade!
41. Magnússon, op.cit. p.83. Both he and Hans Christian Bech wrote the history of the monopoly trade. Magnússon obviously used Bech's study as his prototype in various ways. Both concluded that the Iceland trade had been the basis on which the late 18th century Copenhagen trade had been built. Hence the importance of the Iceland trade to Copenhagen had been far greater prior to 1750 than after.
42. Pontoppidan, 1792, vol. 1, p. 278. It should be noted that in 1786, 400 000 rixdollars were probably close to the 200 000 rixdollars estimation of Niels Ryberg in 1761 years prices.

11. CONCLUSION. THE TWO INTERACTING FACTORS: THE SOCIO-ECONOMIC STRUCTURE IN ICELAND AND THE COPENHAGEN MONOPOLY TRADE

11.1. The Negative Attitude to Innovations

It is necessary in this context to study the role of risk aversion in 18th century Iceland.[1] Resistance to innovations were, and are, a frequent phenomenon in poor societies, both as a direct consequence of poverty and because the privileged classes feared changes which might upset the social balance and their own social position.

In the old static precapitalist society the primary aim was to preserve the status quo. It was almost improper to climb up the social ladder as it would mean that others would then be pushed down. The prevalant distribution of wealth and the accompanying social status had to be preserved. Thus there were not only poor "risk averters" in these societies. The rich also feared all "risk".[2]

Iceland provides a good illustration of this "peculiar" resistance towards technical and structural innovations, but it must be emphasized that we are here dealing with a universal phenomenon, not something which is only "specific" for Iceland![3]

Farming was the main occupation in Old Iceland and fishing developed very little despite the fact that it was clear to almost every observer of the Icelandic economy that the development of the fisheries was the only realistic opportunity for the economic development of the country. But this did not occur.

This was partly the direct result of poverty as the Icelanders did not have the necessary capital for this development. But also the resistance to innovations by the relatively rich played a major role.

The landowners feared the development of fishing as they thought it might lead to the negligence of farming. One of the greatest Icelandic landowners expressed this opinion during the late 18th century:[4]

"The matter of greatest urgency is that the country farms will not be deserted because of attractions from the fishery".

"It is my aspiration that the people on the country farms would not practice fishing too much as this would lead to the negligence of farming".

Fishing was tied to the control of the land and no fishing villages were allowed to develop independently of the land rent system.[5] The technical level was very low, partly because of the artificially low price of fish created by the monopoly trade in Iceland, partly through direct administrative measures. Furthermore, all fishermen had to be either farmers or farm labourers. The tradition was that fishing was only allowed if it was practised from the coast which the actual farmer possessed or rented. A striking example of both this tradition and the extremely low technical level in fishing is recorded in the land register 1702.[6] There was no fishing practised any longer in some islands in the inner part of Breiðafjörður in the country's West as the cod had disappeared from these islanders' traditional fishing banks (probably due to winter ice in the fjord). But in another island, Höskuldsey, 10-15 kilometres further to the west in the fjord, the fishermen continued to get good catches from their fishing banks. This was too much additional sailing (and perhaps also a too great innovation) for the people in the more easterly islands who consequently starved. Due to the primitive technology the boats could only sail short distances and it was almost impossible to stay in them at sea

during the night. To be stationed in Höskuldsey would have demanded specific agreements with the farmers and the owners of the island which might easily have involved the social degradation of the farmers to the cottars´ class from the easterly islands to Höskuldsey, together with their households.

As late as 1870 in one of the best fishing districts in Iceland it usually took 6-9 hours to sail every day to and from the most popular fishing banks.[7] Additional sailing to new fishing banks further away was obviously difficult in these circumstances.

The Danish Crown tried to stimulate Icelandic seamanship[8] during the years 1776-1787 by introducing into the country the great technical innovation decked sail vessels for fishing. The director of the Iceland Royal Trade, who was responsible for these efforts, complained in 1781 that he had little hopes that this would lead to positive results. The reason was the difficulty in getting Icelanders to take employment on the decked vessels and the general opposition in the society to innovations.[9]

According to one source the fishing lines used in the Southwest district of Gullbringusysla could maximally reach a depth of 67-100 metres.[10] These lines were usually with only one hook. In certain other regions fishing lines with more than one hook could easily be found during the 18th century, but that great technical innovation was not introduced in Iceland without considerable struggle. To have a line with more than one hook was explicitly forbidden by various Icelandic courts during the 16th and the early 17th century.[11] In a special court verdict of 1609 it was forbidden to use worm as a bait.[12]

In one part of Iceland, the Northwest, fishing lines with many hooks nevertheless became common during the 16th century. In this region some farmers found out that they would gain by allowing their farm labourers to keep all the fish found on two or three hooks. The farmers would of course get all the fish on the other hooks. Through this the labourers were persuaded to work harder and their fish catches became bigger.

This system, however, was forbidden through numerous court verdicts 1567-1616.[13] There is no sign of its existence during the 18th century and therefore it is likely that this prohibition was effective.

The motivation for this prohibition in the court verdicts was that any violation of the wage system in the country was dangerous and if some labourers were allowed to acquire some individual gain it might upset the social balance.[14]

One reason for the Icelanders´ resistance to innovations was undoubtedly the demoralizing effects of hunger catastrophes which were frequent in 18th century Iceland, as related in Chapter 2.

In times of hunger the motive to stay alive became the primary objective; all human relations became secondary in relation to this purpose. This meant the breakdown of moral values and social bonds, of family life and respect for law and order. "There are riots, aimless wanderings, purposeful wanderings/.../. Livestock owned by the poor are sold or eaten/.../in a famine-ridden area are superimposed an upsurge of burglary, robbery and violence, murder for gain. Cannibalism occurs but is rare as well as secret..."[15]

The poor famine survivor tended to neglect the necessary investments for his means of production and for the house he lived in, houses became smaller and above all dirtier. The technological elements in the old peasant society declined. Not only innovation was resisted, investment for

the continuation of the current technological status was "forgotten" if it involved sacrifices of the present income for the future. After famines such investments were frequently very much needed because during times of hunger the production means had been largely destroyed. In short: The net result of frequent famines was technological and economic decline.

11.2 The Evidence for Technological Decline

The fact that the old peasant society was mostly illiterate, at least when it came to the use of technical resources, had the inevitable consequence that techniques were frequently forgotten in the transfer process from one generation to another, "... an important consequence of the oral transmission of culture was a gradual decline in the public memory for older usages and artifacts"[16] It is reasonable to assume that such a process of oblivion became accelerated in the shock periods of demographic crises.

The technology used in Iceland´s basic economic activities, fishing and farming, did not change in any significant way since the time of the settlement till the 19th century. There were even signs of a technological decline in Iceland during this period.

According to the available archeological evidence, the ordinary tools used in farming were more or less the same in the 11th century as the ones used in the 18th century. The most spectacular innovation was the art of knitting which was introduced in the country during the 16th century. On the other hand, the attempts to introduce new technology in fishing were more or less unsuccessful; technical innovations of that nature were even prevented through administrative measures.

There was, in fact, some technological decline. Residential housing definately deteriorated.[17] There was a significant decline in the technique of preserving hay.[18] Sea transport technique from one region to another declined.[19] The practice of building fences disappeared, including the building of stone walls to prevent snow avalanches from destroying houses.[20] Also, all knowledge of grain growing disappeared, but this was probably natural because grain growing simply did not provide the necessary economic benefits in relation to the costs.[21] But this kind of calculation is not applicable to the other examples of technological decline outlined here above as they harmonize well with the prevailing type of pastoral farming or to residential housing or both.

The question of technological decline is related to the question of deteriorating natural resources which has been described in Chapter 1.

11.3 Fixed Prices and Risk Aversion

Through the fixed price system the Icelanders did not need to meet the risks of the market, something which was very important to relatively poor people who daily had to face the risks involved in the vicissitudes of nature. The Copenhagen merchants alone took over the price risks, and naturally, they demanded something in return, namely relative prices which guaranteed handsome profits in normal times (which was not always the case).

The merchants in their turn tried to minimize risks through making long-

term contracts regarding the sale of exports, mainly with the Hamburg merchants. But, as the experience of the General Trading Company after 1764 showed, such fixed prices could easily result in far too low prices.

The merchants also tried to minimize their risk by putting very little own capital into the trade. They usually did not possess the boats needed for the trade, they hired them, and much necessary capital was borrowed. This obviously increased the cost of the trade. This kind of capital risk minimization corresponded well with the administrative measures which were taken to prevent the merchants' participation in the Icelandic production process.

The frequent interventions of the Crown in the trade, for instance, taking the trade from experienced merchants and putting it into the hands of inexperienced ones, as happened in 1742, could easily destroy this precarious balance of risk and profits, as indeed happened in Iceland during the 1750s.

11.4 The Barter Trade and the Refusal to Accept Money. Credit Trade

In fact the royal price lists used a policy of money deflation. In terms of money, everything was cheap in the Icelandic trade (i.e. in Iceland). A barter trade was encouraged, a cash trade discouraged.

The merchants frequently declared that the only trade they accepted was barter trade. For instance, in 1745, they declared that they would not accept money in the trade.[22] In 1753, during times of hunger, they refused to sell grain in exchange for money,[23] apparently the only grain payment they accepted was fish. But as money was a relatively expensive commodity in Iceland, i.e. everything was very cheap measured in money compared to the prices abroad, it might have been expected that it was easier to exchange Icelandic exports for money than to use money with which to buy imports. However, it was also difficult to buy money.[24] The merchants, of course, realized that money bought in the foreign trade would eventually also become money sold in the same trade and they did not want to forego the barter trade which meant a simultaneous gain in buying and selling. Cash trade also weakened the relative bargaining strength of the merchants as will be related here below regarding credit trade.

In 1753 it was decided that rixdollars courant should be used in the Iceland trade when money was used. As this kind of rixdollar really was at that time the current value unit used in Denmark-Norway, it might have been expected, perhaps, that through this change, money would be more used in the Icelandic trade than had been done previously. This, however, was not the case. For instance, in the trade charter of 1763, there was a stipulation that payments should not be made in money when payments could be made in another kind.[25] This meant that money payments were in fact only accepted during times of famine and not during times of relative prosperity.

These conditions inevitably undermined the attempts of the Crown to improve the conditions of the people. For instance in 1766, the Royal Chamber of Finance (Rentekammeret) urged the Icelanders to buy less grain when the supply of fish was good in the country. Instead, they should buy other "necessities" (than grain) and eat more refuse fish (Udskudsfisk).[26] "Other necessities" were not specified, but money certainly did not belong to that category.

This illustrates fairly well the inelasticty of the monopoly trade structure with respect to changing demand and supply.

Formally, most of the costs of the trade such as freight, insurance and wages were, in the merchants' accounts, included directly in the export costs with the exception of 25% of the freight costs. (The merchants normally hired the boats used in the trade).

As this was barter trade, imports were calculated in the merchants' books as costs for buying exports. Nevertheless, the specific imports' accounts usually brought losses.

Since the export items bringing profits were mainly the fish products, the permanent losses of the import accounts reflect the fact that the fish exports subsidized imports to regions from which little or no fish exports could be brought.

The elimination of money economy in the monopoly trade was harmful in the respect that it amplified the fluctuations in the trade (or at least, it eliminated a potential modifier of these fluctuations). When there was high production of export goods (mainly fish), there was simultaneously relatively good provision of Icelandic-produced food for the inhabitants. The need for imported food, such as rye, was not great. If the merchants wanted to get goods from the Icelanders when the food situation was good in the country, they, in absence of cash payments, resorted to increased credit trade and tried to stimulate needs for their goods. (Grains, spirits, tobacco). When, on the other hand, the food situation was bad in the country, the Icelanders' willingness to export was minimal while their willingness to import food was maximal. The merchants naturally only wanted to sell rye to the Icelanders if they received as payment fish and meat; thus, increased trade during demographic crises could amplify rather than alleviate the food shortage in Iceland. The absence of cash - exchange value - was harmful.

The same rules were valid for credit trade as for trade in general. During times of relative prosperity the merchants' willingness to give credit was maximal while it was minimal during times of famine. From the Icelandic customers' point of view the situation was exactly the opposite. During times of prosperity their need to buy on credit was minimal and during times of famine it was maximal. The question is, therefore, if the Icelanders were in a position to save during "good times" by selling more commodities to the merchants than they bought from them for using this kind of surplus during times of crises. Theoretically, this appears to have been an ideal substitution for cash trade: The thrifty self-maximizing customers, fearing bad times ahead, collected own property in the trade during good years for spending during the bad years.

There is, however, nothing in the merchants' book suggesting that the merchants were anytime in any significant way in debt to the Icelanders. Apparently the credit trade was normally only one way: The Icelanders owned money to the merchants. The explanation was probably a combination of two factors which are not in any way exceptional in the practice of trade in general in the past or in the present. During good times the merchants wanted to sell the relatively expensive luxury imports in return for the Icelandic exports rather than to buy the exports on credit. For the customers it was tempting to buy these luxuries, in other words, to feast when it was possible. It was even tempting to buy these luxury imports on credit, when credit was available, to make the feast still more memorable.

According to one source, the merchants frequently encouraged the Icelanders to buy on credit but they simply did not accept that the

Icelanders sold to them on credit.[27]

There was undoubtedly an additional reason to the ones outlined here above why the merchants wanted to give credit but did not want to accept it. It was the question of the bargaining strength which the fixed price system only eliminated to a slight extent. This was because the merchants need to trade in Iceland was generally greater than their customers' need for trade. The attempts 1684-1706 to force the Icelanders to participate in the foreign trade were a good indication of this fact. Only the imported production and investment goods could be classified as absolute necessities for the Icelandic economy as a whole and these did not constitute more than 30-40% of the value of the total imports in Iceland. (See Table 3.1). But profitable trade could not be carried out simply through the sale of these necessities. Hence it was important for the merchants to increase the Icelanders' dependency position vis-à-vis their trade and one way to do this was the use of the one-sided credit trade.

In the trade charter of 1763 we find certain credit stipulations which allow credit trade during famines, but this credit trade should be restricted to necessary consumption goods and to production goods.[28]

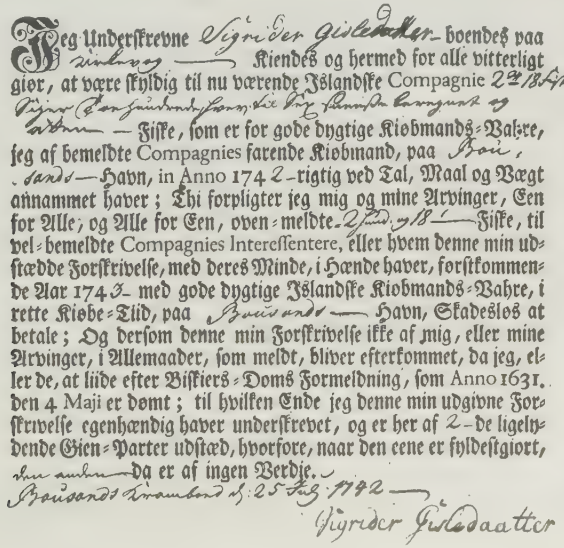
During times of relative prosperity, there were no limits in this trade charter put on credit trade except that credit should only be given to those customers who had paid in good time taxes and land rent to the Crown.

The usual form of credit trade was, however, only for one year at a time. IOUs have been preserved from Bátsendi trade district signed in the year 1742 in which the debtors promised to pay to the merchant their debts during the following year, 1743.[29]

These IOUs were in a standardized form, altogether 78 in number, signed by the same number of people, 5 of whom were women. 10 lived outside the

Figure 11.1

The IOU signed by the woman Sigríður Gísladóttir at the Bátsendi Trade Port 1742.



Jeg Underskrevne Sigríður Gísladóttir boendes paa [illegible] Kiendes og hermed for alle vitterligt gior, at være skyldig til nu værende Islandske Compagnie [illegible] — Fiske, som er for gode dygtige Kiøbmands-Vahre, jeg af bemeldte Compagnies farende Kiøbmand, paa Bátsendi, [illegible] — Havn, in Anno 1742 -rigtig ved Tal, Maal og Vægt annammet haver; Thi forpligter jeg mig og mine Arvinger, Een for Alle, og Alle for Een, oven-meldte [illegible] — Fiske, til vel-bemeldte Compagnies Interessentere, eller hvem denne min udstædde Forskrivelse, med deres Minde, i Hænde haver, forskommende Aar 1743- med gode dygtige Islandske Kiøbmands-Vahre, i rette Kiøbe-Tiid, paa Bátsendi — Havn, Skadeslos at betale; Og dersom denne min Forskrivelse ikke af mig, eller mine Arvinger, i Allemaader, som meldt, bliver efterkommet, da jeg, eller de, at liide efter Biskiers-Doms Formeldning, som Anno 1631. den 4 Maji er dømt; til hvilken Ende jeg denne min udgivne Forskrivelse egenhændig haver underskrevet, og er her af 2-de ligelydende Giens-Parter udstæd, hvorfore, naar den eene er fyldestgiort, [illegible] da er af ingen Verdje.

Bátsendi Kiøbstad d. 25 Aug. 1742 —

Sigríður Gísladaatter

trade district which meant that almost every head of household in the district owned money to the trade company. If the debt had not been paid in due time, which was one year, the debtor in the IOU accepted, for his part and his heirs, that his case would be dealt with in accordance with the stipulations of the Byaskær verdict of 1631.[30] This meant, inter alia, a fine to the Crown which was much higher than the actual debt; also, that the debt together with cost and fine, could be collected forcibly in his house. The Byaskær verdict must have resulted in the bankruptcy of several faulty debtors and it apparently also served the purpose of frightening the people who had signed the standardized IUOs.

What has been said here about credit trade was to some extent also valid for cash trade. For the merchants it was largely the same thing to buy exports on credit as to pay for these with money. Cash trade not only removed the benefits of buying and selling at the same time. It also diminished the possibilities of selling expensive luxury goods and cash trade could eliminate the one-sided credit trade which weakened the bargaining position of the customers. In addition, the merchants probably feared that cash trade would undermine their power of control regarding the composition and the quality of Icelandic exports.

11.5 Fixed Prices and Demand/Supply Fluctuations in Iceland

When the supply of Icelandic export products decreased, for instance due to bad fishing and general hardship in the country, the natural response to the diminished supply would have been price rise. Then the Icelanders could get more grain than previously for the same amount of fish as before. But due to the fixed prices, the equation 1 pound grain = 1 pound dried fish did not change. This meant that for the great majority of the Icelanders, it simply was nonsensical to participate in the trade when the supply of export commodities decreased.

At the same time the fixed costs in the trade did not change at all. The 20 boats should, for instance, sail to Iceland each summer even if it was largely guaranteed that the boats would be almost empty when leaving Iceland. The merchants' response could be a decrease in the variable cost, for instance, by sending the boats to Iceland more or less empty.

This, however, was frequently prevented through the intervention of the Crown, for instance during the 1750s. The merchants could not lower the relative price of grain in order to get some fish and hence their loss during times of hardship in Iceland was accelerated. For the Icelanders this system could mean, during times of hardship, that the potential mitigating effects of foreign trade were drastically reduced.

When the price of imports went up outside Iceland, it is not unlikely that the merchants might have lowered the quality of the imports since the price in Iceland could not be altered. This question of commodity quality, both for imports and exports, left very much to arbitration. But quality could not be altered to the better or the worse indefinately; the elasticity of such changes was relatively small.

Although the trade charters always stipulated that the merchants should bring to Iceland sufficient quantities of good merchantable goods, it was ultimately the merchants' decision what was to be brought to the country.

The lists sent by the Crown's officials concerning desired goods served as a guide, not as an order.[31] The merchants could theoretically therefore change "the import mix" (to Iceland) in response to the changes in the relative prices of the import goods. For instance, lower rye price in relation to timber price stimulated rye import at the cost of timber import. As the space in the ships was little and expensive - the ratio: freight costs/value of goods, being very high, there was always the temptation to put into the ships goods of high price in relation to their quantity and weight. Spirits, tobacco, expensive cloths are examples of such goods with a high price in relation to quantity and weight.

Due to the Crown's interference in the Iceland trade during times of hunger, the merchants' control of the "import mix" was probably greatest when times were relatively good in Iceland. But this interference inevitable led to very high losses in the trade.

11.6 The Fundamental Administrative Restraint to Economic Growth in 18th Century Iceland

Attempts to stimulate economic growth in 18th century Iceland consisted mainly of attempts to introduce technical innovations, in other words, to change the productive forces. These attempts were made by institutions which were largely exogenous to the Icelandic economic structure; especially by the Danish crown. The special interests and the prejudices of the ruling indigeneous social classes in Iceland were not considered. Hence a failure was to be expected, especially because the Crown did not have any major interest in enforcing the introduction of these technical improvements. Instead, the innovating experiments by the Crown and some of the Icelandic Crown officials provoked a reaction against all attempts to change the productive forces.

The prerequsite for change in the socio-economic structure is change in the productive forces. Consequently, as there was no change in the productive forces in Iceland, the archaic socio-economic structure did not change and, therefore, the unchanged social structure did prevent changes in the productive forces!

The development of new productive forces was naturally anathema to the ruling class which based its existence on an old, archaic mode of production.

New productive forces in Iceland could only be commercially orientated fisheries, involving probably a relatively free labour market. However, it was also possible to develop the fisheries in a symbiosis with the landowning class by using unfree labour in the fisheries for creating profits both for the landowners and the merchants. There was some embryonic development in that direction in Iceland, especially among the tenants of crown land in the Southwest, but this never changed the socio-economic structure of the country. In Shetland, on the other hand, such a symbiosis revolutionized the socio-economic structure during the 18th century. This symbiosis led to the amalgamation of the landowners' class and the merchant houses in Shetland.[32]

A similar development in Iceland would have meant the replacement of the old landowning class, with strong ties in the officals' class of the Absolute Crown, by a new class of landowning merchants. So, regardless how we consider the possibilities, the fact remains: the status of the traditional landowning class in Iceland was tied to the archaic mode of

production; any economic development in the fisheries would inevitably diminish its relative, perhaps also its absolute, strength in the Icelandic society. This is in fact what happened in Iceland during the 19th century.

As long as the monopoly trade existed, or to put it more exactly, as long as there were administrative restraints to the development of Iceland´s foreign trade and, consequently, also to the development of its fisheries, the vicious cycle of underdevelopment was bound to continue to exist in Iceland. This underdevelopment in fact also involved a specific symbiosis of mutual interest between the landowning/Crown officials´ class in Iceland and the merchants of the country who continued to be situated in Copenhagen during most of the 19th century while still controling the foreign trade of Iceland. When the "monopolistic" restraints of Iceland´s foreign trade were finally abolished in 1854, the societal conditions for breaking out of this vicious cycle of underdevelopment had finally been created. An indigeneous class of merchants/capitalistic operators of fishing boats began to appear in Iceland, of course only gradually in the beginning.

11.7 Myths and Realities of the Monopoly Trade System: A Historical Summary

The introduction of the so-called Danish monopoly trade in Iceland in 1602 was no novelity. There had never been any free trade in Iceland before and the Crown could in theory control the country´s foreign trade, and usually, it did so in practice as well.

Before 1750, the Icelanders apparently did not see anything wrong with the so-called monopoly trade in principle. They complained occasionally about certain processes connected to the trade, for instance, the low price of certain Icelandic products and they complained quite vigourously, and successfully, about the rigorous trade district division existing 1684-1702/1706. Then they also complained successfully about the winter stay of merchants in Iceland.

The archaic socio-economic system of Iceland and the monopoly trade thus fitted together like a hand to the glove. This fact does not justify the continued existence of the monopoly trade. On the contrary, it has been argued that the monopoly trade was a prerequsite for the continued archaic state of the Icelandic economy.

It is a myth that the monopoly trade was necessary to secure the import of provisions to Iceland as a whole. There was always a queue of foreign fishermen-merchants who were ready to step into the trade if the Copenhagen merchants happened to be unable to sail to Iceland. The monopoly trade may, however, have increased the commercial benefit of the non-fishing part of the Icelandic community in the North and the East, at the cost of the fishing sector. The net effects of this type of redistribution are, however, impossible to estimate.

On the other hand, it is obvious that the Danish crown´s control of Iceland´s foreign trade was really a prerequsite for its continued rule of the country, and hence, the question of the trade control basically becomes a question of the Icelanders´ need for the administrative protection/rule of the Danish Crown. No attempt will be made in this context to answer that question as it involves a speculative counterfactual analysis in political history.

After 1750, both the monopoly trade and the archaic Icelandic economy began to irritate progressive elements in Denmark and in Iceland. Around

1770, the Danish government seriously considered the possibility of abolishing the monopoly trade but most leading Icelanders then opposed the idea. During the Guldberg period 1772-1784, the ruling conservative cameralists introduced a strange blend of arrogant and reactionary centralization and a progressive economic policy in the Iceland trade. The combination proved to be a catastrophe as came clearly forward in the great food export from Iceland during the famine in 1784.

The warnings of the servants of the Royal Trade about the situation in Iceland 1783/1784, were not taken seriously in Copenhagen. Nothing could be done about the Icelandic situation until a nobleman of German birth had visited the country and presented a report to the government. These formalities delayed governmental response to the catastrophes for one fateful year.

The new trade form introduced in 1787 brought new restrictions and it was first in 1854 that the Icelanders began to have the same foreign trade rights as the inhabitants of Denmark in general enjoyed. This had more to do with the repeal of the British Corn Law than anything else.

Icelandic criticism of the country's foreign trade form existed primarily during the last part of the 18th century and the early 19th century. Unlike what was the case prior to 1772, the leading Icelanders began to demand increased free trade but these demands invariably were opposed by the Danish government. This was the political background to the 19th century historical condemnation of the monopoly trade 1602-1787 as an issue of "Icelanders versus Danes". Every age creates a history in its own image.

The profitability of the trade fluctuated a great deal. Normally the trade gave some profits to the merchants and the trade companies - this was of course the prerequsite for the merchants' willingness to carry out trade in Iceland and take over the price risk involved in the trade system. Apparently, these profits were never huge except during times of war profits such as 1776-1782. In other exceptional circumstances such as during times of famine in Iceland (and probably during times of blockade for Danish shipping), the trade's normal and secure profit could be turned into huge losses.

The linkage effects of the trade were probably more significant than the direct profit aspect. The Iceland trade was the backbone of Copenhagen's overseas shipping and commerce c. 1602-1730/1750, and it gave employment to a large number of the city's inhabitants. The Crown's income from the Iceland trade (and indeed from Iceland in general) was primarily the previously stipulated trade rental. This was quite high 1689-1732 and 1743-1758.

1. This chapter is mainly a reprint of Chapter 3.2 in my work in Meddelande Nr. 17, 1980. (p. 13-16).
2. The theory of risk aversion has been well developed in modern economics; a good review of this may be found in Lundahl, p. 599-606. The basic assumption is that absolute risk aversion decreases with increasing wealth (for instance Arrow 1971). The poor are consequently more afraid of taking risk than the rich are, or in the words of Keith Griffin ".... the peasant may be preoccupied not with maximizing his income but maximizing his chances for survival" (Griffin, p. 183).

   In modern economic theory risk aversion is thus inevitably linked to poverty. In the past the poor, of course, were great risk averters, but so the rich were. The modern theory cannot explain the second phenomenon, except, perhaps, if we assume that the rich were the conscientious spokesmen of the aggregate societal poverty. This would demand the existence of some kind of a "social contract" between the rich and the poor. Ironically, the ideas of Karl Polanyi might very well be used for creating the terms of such a social contract of the ancient regime while the study of the various interests of the different classes must then be left out.

   But such a class analysis is necessary in my opinion and has, in fact, partly been given in the main text here above. In their perception of the economy as a static phenomenon, the rich "risk averters" opposed all changes which might possibly undermine their present social position. Dobrowolski (in Shanin 1971) has described this kind of "Weltanschauung" among the Polish highlanders in the interwar period. The social differentiation demanded for its continued existence cultural uniformity, "unchanging pattern of social institutions and ideological contents within particular classes or village groups. The individuals who deviated/.../met with repressive measures" (p. 291). One serious deviation could be the application of new material culture (p. 289).
3. For general comparison, some of the basic observations of Karl Polany regarding archaic societies may usefully be studied. Also Dobrowolski, op. cit.
4. Stephensen, Ólafur 1786:2 p. 169 & 171.
5. Iceland was an "old country" with roots in agriculture. By contrast the "new country", Newfoundland, had its occupational roots only in the fisheries. There exactly the opposite to the Icelandic situation arose. Through administrative measures agriculture was more or less prohibited in Newfoundland and the fisheries had to develop independently of farming. By tying all the labour force solely to fishing the maximal exploitation of the fishermen by the fish merchants was secured. (See Sider, 1980).
6. Jarðabok Árna Magnússonar og Páls Vidalins, vol. 5, p. 345-349.
7. Böðvar Jónsson, 1953, p. 65.
8. The efforts of the Danish Crown to stimulate the Icelandic fisheries may partly be explained as measures to increase the profits of the Danish merchants in Iceland. Obviously many Icelanders feared that increased income from the fisheries would primarily benefit the foreign merchants.
9. Bech, Hans Christian, 1781, p. 56.
10. Magnússon, Skúli, 1785/1944 p. 54-56.
11. Alþb. I, p. 432-434, 449; II, p. 74; V, p. 122.
12. Alþb. IV, p. 121.
13. DI XIV, p. 598-603, Alþb III p. 255-271, IV, p. 320-331.
14. Also in Ireland, a country frequently subjected to famines and which neglected its fishery potentials, there was considerable social and cultural opposition to technological improvements in the fisheries. See Woodham-Smith, 1964, p. 287.
    For 17th century Norway similar phenomena have been noted: "The great majority of the fishermen were against the use of the new equipments, both because they were new and because they cost too much, and they even persuaded the king to prohibit them". (Andreas Holmsen 1961, p. 428).
15. The reference to famine in International Encyclopædia of the Social Sciences, p. 322.

16. This quotation is taken from Dobrowolski´s description of the Polish Highlanders, in Shanin, 1971, p. 282.
17. See, for instance, Sveinbjörn Rafnsson, 1978, especially p.75-76, 82.
18. Gisli Gunnarsson, 1980:3, p. 4.
19. Ferðabok Eggerts Olafssonar, volume 1, p. 354-355.
20. Ibid, volume 2. p. 7-8.
21. As for a further discussion of this factor, see Gisli Gunnarsson, 1980:3.
22. Islands Journal A 495, 18.05.1745.
23. Islands Journal A 1833, 07.08.1753.
24. Islands Journal B 2209 & 2210.
25. LI 3, p. 477. (Article 21 in the trade charter).
26. Ibid, p. 530-531.
27. Aðils 1919, p. 434. His primary sources here were of a diverse nature.
28. LI, 3 p. 473. (Article 13 in the trade charter).
29. These IUOs have been preserved in the material in Stadsarkivet, Copenhagen reg. 65 "Kompagniets Regnskaber med Bilag fra Havnene 1732-1742": "Obligationer af inden og uden Districts Indbyggere- udstæd paa Bousands Haufn pro= A^{O} = 1742"
30. Alþingisbækur V, 1620-1631, p. 231-234. Also Lovsamling for Island, 1. p. 224-227.
31. Several lists of this kind have been preserved in Rentekammerets archive material in Þjóðskjalsafnið, Islands Journal. (see bibliography)
32. Regarding Shetland during the 18th century see, for instance Cutting 1955, p. 159-162.

UNPRINTED SOURCES

1. Rigsarkivet (København) = RA

Mostly the category Islandske Handelskompagnier 140 fol. reg. Especially:
140-1 (Deliberations- og Subskriptions-Protokol 1742-1757).
140-2 (Deliberations-Protokol 1742-1758)
140-10 & 140-11 (Kassejournal 1742-1766)
140-12 (Hovedbogen, 1742-1766)
140-13, 140-14,
140-15 (Kassebog, 1743-1766)
140-16 (Saldeer- og Balanceer-Bog, B, 1755-1759)

140-117 (Akkordt-Protokol 1763-1774)
140-140 (Journal over Aktierne i det Almindelige Handels-Kompagni 1747-1770)
140-172 (Hovedbog for den Islandske-Finmarkske Handel 1763-1774)
140-173 & 140-174 (Kassebog for den Islandske-Finmarkske Handel 1763-1774)

140-328, 140-329.....140-339 (Kasse-Journal 1774-1791)
140-348, 140-349.....140-354 (Hovedbog 1774-1816)
140-355, 140-356.....140-364 (Kassebog 1777-1789)

In particular the general ledgers (Hovedbog), with the accompanying cash journals (Kasse-Journal) were used.

Also the category "Islandske, grönlandske og færöiske sager" in "Rentekammeret", Register 37. Especially: Rtk 372: 45, 46, 47, 51, 52, 53, 61, 62, 63, 64, 65;

2. Stadsarkivet København

Det Kgl. oktroyerede Islands Kompagni 1733-1742, Reg. 65.

Kassebogen 1733-1741.
Deliberations Protokol 1733-1746.
Regnskaber af Pakhusskriver Hans Hansen Schröder 1739-1743.
Kompagniets Regnskeaber med Bilag fra Havnene 1732-1742.

3. Det danske prisprojekt (Ökonomisk-historisk Institut, København)

Excerpts fra Söetaten, Godsregenskaber, Handelskompagnier.

4. Þjóðskjalasafnið, Reykjavik

Socalled "Danska sendingin" (1928), Islands Journal, Rentekammeret mainly used here, such as:
Rtk. A (29.08.1701), A 495, A 1833, B 2118, B 2209, B 2210, Rtk. 41.13.
Islands Journal 6, Nr. 1093 (24.01.1785).

5. Handritadeild Landsbókasafnsins.

Lbs. 50 fol.
Lbs. 86 fol.
Lbs. 91 fol.
Lbs. 92 fol.
Lbs. 93 fol.
J.S. 34 fol. (Olavur Olavius: Afhandling om de Islandske Fiskerier 1778)
J.S. 37 fol. (Hans Christian Bech: Om Handelen paa Island, skrivet 1781)

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